

BOARD OF MAYOR AND ALDERMEN

March 5, 2002

7:30 PM

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest

Mayor Baines stated with the permission of the Board I would like to invite Chief Driscoll to come forward. We had a very significant event occur in the City this morning at 9 AM, which should give all members of the Board of Aldermen and citizens of Manchester great pride that a murder case of 13 years was solved this morning. We participated in a press conference with the Chief and two stellar detectives in his department and the Attorney General. I would just like him to report briefly to the Board on this case. I know that it will be reported in the newspaper tomorrow but please give a brief report.

Chief Driscoll stated the case is a case that originated on 44 Laval Street on July 1, 1989. Patrol officers responded there because a 63 year old woman had not been seen or heard from in a couple of days. With the help of some local residents we gained entrance into the apartment and some young police officers there discovered the woman's body. She had been strangled. There was adequate information at that time to believe...well we thought we knew who did it and we thought we knew who helped do it but the case got cold and the individual fled this area. Detective Mark Putney, as well as Officer Bill Davies over the past 10 years have continued to track that individual. The gentleman left this country, came back, was out in the Midwest and as a result of a good piece of police work and a lot of luck he was identified as being out in Texas about three weeks ago. Last Friday we sent a team of detectives out to Palestine, Texas along with Melinda Lawrence, a prosecutor from the Attorney General's Office. We were successful in locating him. He is in custody out there. He waived extradition and will be transported back very soon to New Hampshire. The second individual who was a relative of the deceased was in Dallas Fort Worth, about three hours away, and they didn't know the location of each other, the two conspirators in this crime and we were successful in apprehending her also and she has been arrested. She will be brought before a Magistrate out there and I don't know whether she is going to waive extradition or not but we are so pleased with the work of these two detectives. They have

really done an outstanding job and the long arm of the law has reached out and I am so proud of those two men that it is unbelievable.

Mayor Baines stated again I would like to congratulate the department and especially the work of the two detectives, Putney and Davies, for the excellent job they have done and the great pride that it has brought to our entire community and the peace of mind it has brought to the family of the victim as well.

Chief Driscoll stated this was a very interesting case and as it unfolds there are some very interesting details that I am sure will be reported. It is quite interesting. It doesn't get any better than this.

Mayor Baines stated also this past weekend we had the great privilege of hosting a New York City firefighter for the entire weekend and everything went off quite well. I would like to just publicly thank Chief Kane, Bob Welch, Bruce Phillips of the Manchester Fire Department and Local 856 of the International Association of Firefighters who spearheaded the organization effort and was given support by Chief Joe Kane. Bob's wife, Ann Marie, was also a great help. Sean O'Kane graciously offered the facilities at the Holiday Inn at the Center of New Hampshire. Meals were provided by Rick Loeffler and Brian Johnson at Shortys and by Bill LaBerge of Billy's Sports Bar & Grill. Ralph Lewis of Loon Mountain donated a day of skiing and Ray Boissenault, the owner of Electro-Pac and his family donated his company's suite for the Monarch's game on Saturday evening. The Monarch's and SMG managers at the Verizon Wireless Arena also deserve special thanks for the hospitality they provided for Mike Verzi and his wife and it was a great day for Manchester. I appreciate everyone who participated in the recognition of the New York City firefighter.

Presentation of the Manchester School District's Audit and Management Letter by Stephen Plodzik of Plodzik & Sanderson, PA.

School Committee Member Donovan stated our new auditor for the Manchester School District, Stephen Plodzik, is new to the School District but not new to Manchester. He began his auditing career here in town working for Leonard DiRiccio, which was I understand the auditor for the City of Manchester back in that period of time. Since then, he has worked 10 years for the State of New Hampshire as a State auditor. He then formed his auditing firm, which is in Concord known as Plodzik & Sanderson. That firm performs audits for 200 New Hampshire municipalities and school districts. He was asked by the State Department of Education in 1999 to develop manuals of procedures to be used by school districts for their financial practices. He is certainly a well qualified individual whom the School District has hired. He is here this evening to answer questions. I understand that the management letter and the audit were circulated in the packets to members of the Board of Aldermen. Our audit

is also available on the School District's website, www.mansd.org and what I would like to do next year is have it arranged so when the formal presentation of the audit is made to the Finance Committee of the School District that each of you Aldermen are invited so that you will have an opportunity to participate in the entire process where the management letter and the audit are reviewed in a question and answer fashion. Mr. Plodzik is here and willing to answer any questions you may have.

Mr. Plodzik stated I was unsure as to what phase this was going to be and how long you wanted me to take initially. As Tom indicated, I have issued four reports. The School District hired me to issue an opinion on the financial statements, which I did dated November 20, 2001. The previous year they got the report in April. I have issued four reports – financial statements and supplemental schedules, a SAS so-called 61 letter, which summarize the conduct of the audit and disclosed compliance with our professional standards. I have issued a single audit schedule and related auditor's report, which also goes to the State and respective Federal agencies covering all of the Federal funds of the School District and lastly I have issued a letter of comments and recommendations, which I have reviewed in detail. Again, I think it is a matter of time. It is up to you, ladies and gentlemen, as to what you would like me to go over and what you know about what I have stated in my comments and recommendations. We were very thorough. I was pleased with the overall results of what we were able to accomplish. We put on an in-house seminar in June for all of the individuals who handle the student activity and agency funds. We tend to be proactive. I wouldn't have taken this particular engagement if I didn't feel that it was something we could handle and be able to do very well. At this point in time, my intention is to do a follow-up monitoring at the School District office sometime in the later part of this month or April to follow-up on the comments and recommendations that we have supplied them in the hopes that they have resolved some of the matters. An important aspect of this that you have to understand is that they didn't receive the report covering June 30, 2000 until April so many of the comments that we found existed throughout the whole year that we were doing. Having said that, the hiring of two people...they were one and a half staff when we went to do the audit. They had one CPA and they had Ron Chapman the Business Administrator. That was the sole of what they had in charge of the financial operation as far as I am concerned. They have accounts payable clerks and so forth, but namely they are clerks. With the hiring of two additional people in June, that has assisted greatly in their internal control, which I am going to be looking at very carefully and following up on so some of the comments that I have stated in the management letter, and again I am unsure of how much time you want me to spend, I probably spent an hour and a half with the Board of School Committee going over the details. I would spend whatever time you would like and answer any questions that you have. Do you have any specific questions about the audit or my comments?

Alderman Gatsas asked is there a management letter response. Is there any reason why that is not included?

Mr. Plodzik answered they didn't choose to include that. They didn't have a response at that point in time. I think there was some haste in issuing the reports to the City. Since then they have done one. I got something faxed to me probably a week ago regarding those responses. At that point in time they were busy, I believe, doing other things and I wanted to issue the report and not hold it up and I didn't wait for their response. That is sometimes very normal. They don't have to put their responses in there if they choose not to as long as they give you those responses at some point in time.

School Committee Member Donovan stated the management letter responses were prepared by management and were reviewed for the first time last evening at the Finance Committee meeting of the School Committee and they addressed the issues raised in the management letter that Mr. Plodzik issued. I would ask the Clerk to please pass these out.

Alderman Gatsas stated it is dated June 30, 2001.

School Committee Member Donovan replied it is intended to mean for the fiscal year ended June 30, 2001.

Mr. Plodzik stated if you would like me to go over those comments and recommendations, I would be more than happy to give you a quick overview. Initially I talked about a policies and procedures manual as my number one observation stating and recommending that they do need to develop a manual of accounting procedures. I indicated the particular areas of concern that we would have beginning with tuition billing and grant accounting and fixed assets and so forth. Those are fairly standard procedures. There aren't many governmental agencies in the State of New Hampshire, quite frankly, that have this particular document and I also doubt, quite frankly, if they have the staff who can accomplish this themselves if you want to know the truth. I doubt frankly that it won't be a repeat comment. Unless they hire an outside consultant, I think it is going to take them a certain amount of time to do this because I don't think they have the staff. My second observation dealt with establishing expendable trust funds. I commended the School District and the City for providing in the settlement agreement of October 9, 2001 for the establishment of expendable trust funds for special education and health insurance purposes. I further stated, however, that the agreement did not mandate any specific dollar amounts so I made a recommendation. I suggested \$500,000 for each particular expendable trust and those are specific purpose only – for special education costs and health insurance costs. Quite frankly in a number of districts that I have audited and a number of schools that I have audited over a period of 35 years to not have some form of contingency fund, specifically for special education

costs...we are finding with all of the audits that we do with the school districts that when students move in and there is a cost of \$100,000 for one student it is practically impossible for a school district to stay within its budget and meet its budgetary obligation. In this particular case, I applaud the City and the School and I think now you have to go about establishing some expendable trust funds, some form of contingency in the event of these types of things. My third item was intergovernmental services and billing from the City. I have suggested and recommended and as part of the settlement agreement that was mentioned previously that all chargebacks be approved in writing by both parties. I further suggested that on a monthly basis that there be communication between the City Finance Department and the School Department so that people know what is going on and what those chargebacks are going to be so there won't be surprises. I found in doing the audit for the first time that there was some indication that they didn't know what particular chargebacks they were going to have as of June 30. Part of those could be interest costs that the City charged them that they weren't aware of so there tended to be a lack of communication and I definitely want to see better communication in those regards and I have asked for that.

Financial reporting system, the observation, as noted in the previous management letter the District was experiencing program flaws that caused delays or inefficiency in the monthly processing, editing and reporting operations. I have suggested that they continue negotiating with the vendor in an effort to get the deficiencies corrected in their software system. I further mention now in the fourth item, GASB 34. This is the Governmental Accounting Standards Board issuing a promulgation that says beginning for you people for the year end 2002 and actually as of July 1 you are going to have to do certain steps to conform with generally accepted accounting procedures. Of the 200 governmental entities that we audit on an annual basis, I can tell you that there probably are only half a dozen who are going to be able to do it. It isn't so much because of the fixed assets. It is for government wide financial statements and the so-called management discussion and analysis report. There is a lot of work that is going to have to be done. In your case, where you are a large City, it is probably going to be incumbent upon you to be able to follow GASB 34, the smaller entities who get their loans and funding from the Bond Bank and so forth because those entities that can't do it are going to have to receive an adverse opinion on their financial statements but of the 200 entities that we audit on an annual basis and we testified in Boston before this Committee that had spent 11 years...GASB is the acronym for Governmental Accounting Standards Board and it has taken them 11 years to implement this and we were the only firm in the State of New Hampshire that testified on behalf of our clients saying that in all probability they would not be able to do this and as a result they are going to receive adverse opinions so we had a great deal of concern. We are only the messengers. We have some concern on whether that is going to be able to be done but in your case obviously with the amount of borrowing that you go out and do you do not want adverse opinions so you are going to have to conform to this but we have many other municipalities that won't be able to. They don't have the resources. They don't have the dollar amounts. They don't have the staff. In the

case of the School District, there was a letter dated December 5 that came from I think the Assistant to the Administrator suggesting a joint cooperative effort to establish fixed assets and do some things and I think it was addressed to the Deputy Finance Director, Mr. Sherman from Karen DiFrancis saying that maybe...here is a case of a joint mutual venture that would be beneficial. That would be an area that could be beneficial that the City and the School could do something jointly on. I don't know if there has been a response yet from the City or School on that but something is going to have to be done. That is mentioned and that is a follow-up comment talking about the fixed assets. The School has to have an inventory of fixed assets and an outside firm is going to have to do that. That leads into the fixed asset appraisal being required. It also talks about budgeting that you people as well as the School need to budget on a function wide basis. That is going to be a requirement of GASB.

Approval of monthly bank reconciliations. If you bear with me I only have another two pages of this. I know it can get a little dull but there was a lot of work and effort and was put into it so I appreciate your attention. Approval of monthly bank reconciliations. I realize that the District Treasurer has the accounts reconciled by somebody in the office like clerical staff and I suggested that she formally approve all of those monthly bank reconciliations which are being done now. Health insurance costs internal controls and observation – a follow-up to previous years. We are discussing that there is a need to balance, on a monthly basis, the health insurance expenses and premiums that come into that School District and entries need to be made reflecting adjustments for or against the School District. My understanding is now they are presently doing that on a monthly basis and it wasn't done in the past. That is one of those areas where it is uncontrollable due to the fact that you don't have control over the sickness or the injuries and so forth as a result of expenses that can be incurred. There is an area that needs to be watched very closely. Agency funds that are called student activity funds. I think for the first time we did an audit of all 24 student activity funds in which there is \$2,307,000 going through those accounts. For the most part, the people handling those funds aren't experienced bookkeepers. They may be principals, secretaries or whatever the case may be so we concentrate fairly heavy in those areas and we have made recommendations and issued a separate worksheet and report on all of the student activities that we did and made recommendations to the individuals that are monitoring those schools on a quarterly basis so they are being monitored, they are being reviewed, and the schools have to provide reports to the SAU office on a quarterly basis and that is being done. Lastly, outside storage for computer system backup. We were concerned that the backup in the administrative building we were unsure of the fireproof rating of that storage so we suggested that there be offsite storage in a secured location as a backup for the tapes.

Overall, that covers the matters that we uncovered as a result of the audit understanding that we didn't do...we weren't hire to do a report on internal controls. This is a direct result of us doing the financial statements and doing the certain testings that we are obliged to do in order to prepare those financial statements. It wasn't a special audit on internal controls but it was fairly detailed. Any questions?

Alderman Gatsas stated on Page 4, your audit on the 24 student activity funds, the average of those funds is some \$100,000...

Mr. Plodzik interjected I didn't hear the last part of your question.

Alderman Gatsas stated there is \$2.3 million.

Mr. Plodzik replied of course the high schools are the largest. Some of the smaller schools are very small and have \$10,000 or \$15,000. Your high schools could have \$400,000 so the four high schools and the junior highs would be the largest.

Alderman Gatsas asked so in this audit report there isn't a breakdown of those.

Mr. Plodzik answered yes there is in the financial report. It is called agency funds. It covers two pages and gives it alphabetically by school.

Alderman Gatsas asked according to your professional opinion, at the end of June 30 was this budget or were the expenditures equal with the revenues or have they overspent their budget again.

Mr. Plodzik answered as indicated in the report if you were to look on page 21 if you are in the financial statements it is called the financial statements and supplemental schedule. I am sorry there have to be four reports and it might make it a little cumbersome but there is no easy way to do this. On page 21 of that report it indicates that there was a budget surplus of \$382,000. Budget surplus consisted of two items – excess revenues as indicated on page 21 of \$250,000 and unexpended balance of appropriations of \$132,000. I further noted when I met with the Board of School Committee that the surplus could have been over \$500,000 but unfortunately the State of New Hampshire made a change in reporting for vocational education funds and they mandated the fact that we couldn't pick up, meaning the School District, couldn't pick up \$272,000 for reimbursement for vocational education expenses, which they had customarily done in the past because they changed their accounting procedures. So there was an estimate of that \$272,000 initially that could not be picked up as of June 30, 2001, which would have increased the surplus by that amount so they were a little bit short changed there. Nevertheless, they ended up with \$382,000.

Alderman Gatsas stated let me take you to page 12 and I think if you take a look at what I am looking at, which is the total budget of \$106.832 million...

Mr. Plodzik interjected I am sorry but I am looking at page 12 and I don't see \$106 million.

Alderman Gatsas replied go to the fourth column where it says variance favorable budget.

School Committee Member Donovan stated the numbering may be different.

Alderman Gatsas stated I can only go by what is in front of me.

Mr. Plodzik asked what is the heading.

Alderman Gatsas answered annually budgeted special revenue funds – total memorandum only.

Mr. Sherman stated it is page 5.

Mr. Plodzik stated I wasn't responsible for the handout you have so I am sorry. Okay, it is our page 5.

Alderman Gatsas stated I am looking at \$106,832,425 when the actual was \$107,252,723, which meant a deficit of \$420,000.

Mr. Plodzik replied it meant an overexpenditure, which is noted on my page 13 and notes the special revenue funds, namely the food service fund.

Alderman Gatsas asked so there has been an overexpenditure.

Mr. Plodzik answered caused by food service funds, which are segregated funds for that purpose. If I may be allowed to explain that...

Alderman Gatsas interjected I guess my question is what was the total budget that this Board gave you or recognized.

School Committee Member Donovan stated if you could let him explain he has a lot of experience with food service funds in the many districts he audits so if he could just finish his answer I think you will get your answer.

Mr. Plodzik stated you are correct that there is an overexpenditure as noted on page 13 of the financial statement caused by underappropriating food service funds which you have been doing, by the way, for a number of years. This didn't just occur in 2001. It has been ongoing. It wasn't the first time you overspent food service funds. What typically happens is because they are restricted funds, people only look at the appropriation side of the budget

and they don't look at the revenue side so when you are budgeting for food service funds, if you are going to spend \$2 million you also estimate \$2 million as a revenue source so nothing is coming from the general fund. It is either food service sales or Federal monies that reimburse the milk program and so forth. What typically happens and it happens in nine out of ten district that we audit on an annual basis is they don't budget enough because what happens is you are just looking at the appropriation side and no one wants to increase the appropriation. They are not looking hard enough to say whatever we increase the appropriations by for the restricted fund we increase the revenues by. I am going to suggest to you that it is going to happen again this year. Needless to say I pointed out in here that they did overspend and they should come back to you and say okay we are going to receive \$100,000 more than we anticipated in revenues and, therefore, we are going to spend \$100,000 more. You can only spend it for food service items. You can't spend it for anything else so should they have come to you at some time during the year if they knew they were going to receive and expend \$500,000 more, the answer is yes they probably should have. I am not sure they ever had. I didn't see any evidence in the 2000 or 1999 audit that they ever approached you and said by the way we are going to be overexpending food service.

School Committee Member Donovan stated in other words we collected more money because we sold more hamburgers but we had to pay out more money because we bought more hamburgers. The net result is a wash. The food service fund is an allegus to an enterprise fund on the City side. We cannot take money from the food service fund and use it for other purposes and the food service fund is not funded through property taxpayer dollars. Your point, Alderman Gatsas is well taken. Because it is an appropriation from this Board, if there is going to be an excess of spending technically we should come back and ask for that. My understanding is that the practice in New Hampshire is that is not done routinely. Technically should it be done? Yes. Will we do it this year because it looks like we may be \$98,000 over on both the income and expense side for food service? Will we come back to you? Yes and I will talk to you about that in a minute. The net result is a wash.

Mayor Baines stated and also you have recommended that that be a separate resolution, which is the case in most districts. Am I correct on that?

Mr. Plodzik replied yes.

Alderman Gatsas stated let's assume that it is a wash. If there was a surplus of \$132,000 on the school side and food was a deficit of \$550,000, how did we make up, if it wasn't tax dollars, how did we make up that \$400,000+?

Mr. Plodzik replied in excess revenues that went into the food service fund. In other words, if you look on page...again the actual report is on page 13 of the report that you should have had. The financial report that we presented to the Board is...I will just read what it says. It is two sentences. "The food service fund had an excess of expenditures over appropriations of \$553,000 for the year ending June 30, 2001. Over expenditures occurred primarily due to the receipt and expenditure of anticipated funds in the amount of \$524,000." So except for a minor amount of approximately \$20,000 they had received what they had taken in and expended what they had taken in.

Alderman Thibault stated we have had many departments through the years that have had a problem in mid year or whatever and have come back to this Board and presented it to this Board and I have never seen this Board where it wouldn't go to bat and try to help them with their problem. However, this has never been done by the School Department. The point that I think is sticky to me is no matter what the Mayor gives them for a budget and no matter what we approve for a budget, if they run short we have to pay it. That is what you are saying. Well how can we budget ourselves if we don't even know what they are going to do? It is impossible for the Mayor to send in a budget to the School Department and that we should approve a budget if, in fact, the School Department doesn't know what their budget is. That is what I am hearing here. For the last three or four years now the School Department has been way over their budget. How can we as a Board budget if we don't know where they are at. I think this has been the problem for the last three or four years now and I am sick of it and any department that...even if the School Department had come forward last year or the year before and said look we made a mistake or we have a problem and here is what it is, I think this Board would go on record as trying to help them and I think Alderman Wihby has been the biggest fighter of that. We would like to help them but how can we help them if we don't know where they are at?

Mayor Baines stated I think what has happened since Mr. Plodzik has been on board over there is they are working on developing proper financial control, which has not been in place to be quite frank with you. I think he has worked very hard over there and I think you are seeing the results of that. We feel in talking with our Finance Department over here that the communication is better than it has ever been and the reporting is better and the controls are now in place that had never been in place and should have been in place.

Alderman Thibault stated but they are saying that they are looking at probably \$98,000 again this year. Isn't that what I just heard?

Mayor Baines replied no.

Mr. Plodzik stated you have to understand that they have the revenue to support that. That simply means...to give you an example they may have budgeted \$1,500,000 for food service expenditures anticipating that they were going to take in \$1,500,000. Now he is saying they are going to take in \$1,600,000 and they need authority to spend \$1,600,000. It has nothing to do with the general fund. It has nothing to do with the tax rate or anything along those lines. That is what has never been done in the past and that is what is done throughout the State unfortunately. They don't go back to the town meetings and district meetings to get authority to spend additional funding. I may have pointed out to you here and I said in the management letter previously there is \$8 million in Federal grants that is being spent and the City spends Federal money and I suggest to you that you want to take a hard look at where you are budgeting for those Federal monies. Think for one minute how a budget for \$8 million is being spent through the School District in Federal funds. I am going to tell you that it is not budgeted and it hasn't been. I am going to further suggest to you when you have operating budgets in your City because I was told that the City budgets for their Federal projects through CIP, which would be capital projects. I am not totally convinced that is the case because you have police grants and D.A.R.E. grants and all of those types of things and it happens in many schools. The City of Manchester is not the only cause for that problem. I have suggested a gross budgeting and that suggestion means simply this, that no matter what you are going to spend you appropriate the funds and you consider the revenues afterwards. That is what gross budgeting is. If we are going to spend funds for special education or vocational education or whatever the case may be, we need to appropriate for those funds and then we set-up as an estimated revenue the monies that come in from the Federal sources so those of you who had concern about food service and say they overspent food service, have you considered that \$8 million probably goes through the system that wasn't budgeted? That is what I would suggest to you and I would suggest that the same thing maybe happens through the City's books. Not quite as severe because there is a lot more Federal money that goes through the School's books and that is not unusual. I think we have to do a better job at budgeting. It doesn't happen overnight but as long as I am here and I am doing the audit I am going to work with these people and try to explain to the Board of School Committee...I have suggested that I set-up an in-house informal seminar for people who are interested on the Finance Committee of the School Board and I would review with them and give them the benefit of my 35 years of experience of how to formally budget on a gross basis and that is what I am willing to do. As long as I am there, there are certain goals that I want to achieve and that would be one of them because you truly don't budget on a gross basis. If you are concerned about the food service and the amount of money that may have been overspent then you have to be concerned also about all of the Federal money that goes through there as well.

Alderman Shea stated thank you for your presentation. I have four questions. The first one has to do with the policies and procedures manual. You did indicate and the reply came in

tonight that it is a difficult type of process but who do you think is responsible for implementing a policies and procedures manual and do other school systems that you work with currently have one?

Mr. Plodzik replied no. The answer to your question is...when I was hired as a consultant for the State of NH, the particular manual that is out there that is being used by the school districts, including the City of Manchester School District, that is a boilerplate manual and doesn't go into the detail aspects that I went through here. There aren't many communities that have it. My understanding is that your City's Finance Department is presently working on one internally and that is fine. That could be a joint effort with School in a lot of areas like purchasing and so forth. Now the School has some unusual things such as tuition that the City Finance Department may not have but clearly that could be a joint venture that would save the taxpayers some money. The problem the School has had as I alluded to earlier is they have been understaffed in this area and they are still understaffed in that area as far as I am concerned right now so that is going to be difficult for them to do. The responsibility to answer your question directly probably rests with the Finance Director and the Business Manager to see that it is done and to oversee it along with developing a plan where you can get input from all of those individuals that have been employed for some time at the School District that know certainly what they are doing when it comes to paying invoices and doing payroll but it hasn't been reduced to a manual procedure so if someone leaves there all of the sudden somebody takes their place and they don't know what they are doing or what they are supposed to be doing.

Alderman Shea asked so your suggestion would be a mutual working together on the part of the City and the School Department.

Mr. Plodzik answered I think it could be very beneficial. It wouldn't cover each area separately 100%, but it would cover generically a number of areas.

Alderman Shea stated my second question has to do with establishing an expendable trust fund. If an expendable trust fund were implemented, where should the funding be maintained? Should it be maintained at the School Department? Should it be maintained at the Finance Office of the City? Where is the better place for it to be maintained so that the accountability and so forth would be accurate and consistent?

Mr. Plodzik replied under the RSA or your City Charter, it should either be in the hands of the Trustees of Trust Funds of the City or if you have another source in the City Charter or it provides for another source it would belong there. Expendable trust funds under State law are in the custody of the Trustees of Trust Funds so if you have Trustees that is where that money goes and they can only expend it in accordance with the ordinance that adopted it.

Alderman Shea stated my third question has to do with chargebacks. They are very disputable and what are the major problems relating to this matter? In other words, would a savings result from a return to how matters were handled when it was a School Department rather than a School District because this has become a very difficult process to follow through with. What is your opinion about that?

Mr. Plodzik replied I am not totally qualified to answer that only because I don't know what they were doing when they were a School Department.

Mayor Baines stated we have been having some discussions about that during our budget deliberations. Prior to the separation that occurred, for example if there expenditures for the Parks & Recreation Department that were services to the School District, the appropriation would be given to the Parks & Recreation Department and they would cost out of that the amount of money that was spent for schools for the purpose of the MS forms that go to the State to calculate tuition so the departments got their appropriations and they didn't have the chargeback process. They had it within their individual departments.

Mr. Plodzik stated it certainly is cumbersome. It is hard for me as an independent auditor...

Alderman Shea interjected do you find that chargebacks are an anomaly.

Mr. Plodzik replied when you call it chargeback, it is work that is being done by the City that eventually is billed back to the School District for which the school has only a certain amount of control over. It is very limited it seems to me. If you look at the School Department budget and you say to yourself 93% to 95% is fixed services from payroll to debt and so forth, that means there is 4% or 5% discretionary. Without any contingency fund, if you had a 1% contingency fund and \$100 million budget that would be a \$1 million contingency fund that they could have. With nothing like that it becomes very difficult for them because it is very political. If they have to hold back and it is only in the past year that I know they have done this but if they have to stop purchasing so they don't overspend the budget then one area that they do is they don't do some of these chargebacks and they hold back on some of these items and it becomes very political to me. I can honestly tell you that. I can just see that. It is so cumbersome if you want to know the truth only because it seems to me they have so little control over what they have. Right now looking at the budget and where they stand they have four months to go and I don't know the detail but I am going to be looking at as I did last year...one of the services that I did report and it was very limited as indicated in my SAS 61, I played the devil's advocate and reviewed internal financial reports that were being issued to them and by devil's advocate that means I asked certain questions of the Business Administrator and his assistant over their projections and that. The

fact that they came within \$150,000 or whatever the case may be in unexpended appropriations serves them well but they had to stop spending at that point in time. There is no doubt about it. They have four months to go still and I would be willing to bet that they don't have much to play with right now quite clearly. I would be willing to bet when I take a look at that that the total appropriation and the total amount that they have encumbered and projected is going to be extremely close to their bottom line.

Mayor Baines stated I just want to remind the Board that we have other substantial business on the agenda tonight. Do you normally find this arrangement in your audits, this kind of a chargeback process?

Mr. Plodzik replied no.

Mayor Baines stated that is the point that I wanted to make.

Alderman Shea stated my last question is how practical is it for the School Department to have a separate and distinct from the City's Financial Department a financial management system along with a fixed asset accounting manual because they are a district rather than a department. How practical is that?

Mr. Plodzik replied I think it is very practical. I think it is the only way you can go right now because of all of the funds that you have to take care of. If you had to impose on your City Finance Department now all of the Federal funds record keeping that would be required, all the tuition billing and all of the accounting for the assets that they have to do and I am not saying that they haven't had problems with software and everything for the past couple of years but I couldn't understand how the workload of your City could do it quite frankly. I would have a very difficult job auditing through the City's financial system because it is kind of separate and distinct. The fund structure is different and the whole aspect of reporting to the State, it is called an MS25 report and it is a 22 page report. All of the special education costs and the special education billing...I think it is the only way you can go. I wouldn't know any other way right now. You could do a study. Don't misunderstand me. I haven't done a formal study but I would suggest that you would have to do that with both departments to see what would be practical and what wouldn't be.

Alderman DeVries stated while you are here I thought I would have you expand on your educated guess of \$250,000 being a good amount to start an expendable trust fund with. How did you come up with that amount?

Mr. Plodzik replied it was primarily predicated on the expenditures of the past two years of kind of the overexpenditures in special education costs and in effect were covered from

transfers from other appropriations. To be honest with you, I was going to say \$500,000 in each one. I had indicated that but after discussion and review of my preliminary findings it was suggested that it might be more palatable at \$250,000. The only difference is that \$250,000 for special education costs doesn't go far and for healthcare costs it doesn't go far if you have emergencies. It was my honest opinion that it should be \$500,000 and again \$1 million contingency is only 1% and it would stay there specifically for that purpose. You could set-up a system that other districts do where if you have appropriations unspent for those particular line items they will be transferred into those funds. I have some very small schools that have \$1 million in those accounts for pension retirement costs and so on that they have been able to set aside from appropriation surpluses and line items so there are ways to go about doing that once you initially fund it and the money would stay there and be segregated.

Alderman DeVries asked and you truly feel that the health insurance contingency needs to be funded at the same level.

Mr. Plodzik answered absolutely if not higher. That is the lowest level I would start with because they are not going to spend it and they can't spend it unless they have to so it is an asset for the district.

Alderman Garrity stated this question is for School Board Member Donovan. You stated that there is a \$98,000 surplus in the food service account for revenues?

School Committee Member Donovan replied the projected year end revenue surplus will be \$98,000 and the projected additional expense will be \$72,000, which would end up with an excess of revenue of \$26,000. We are selling more hamburgers than we projected and we are buying more hamburgers but we are selling the hamburgers at a profit.

Alderman Garrity asked that doesn't include the SARA account.

School Committee Member Donovan answered I am not prepared to talk about that. You will have to get Mr. Burkush to talk to you about the SARA income.

Alderman Garrity asked so you are projecting a \$26,000 surplus.

School Committee Member Donovan answered yes that is right.

Alderman Garrity asked is that due to the increase in lunch prices from last year.

School Committee Member Donovan answered yes and if you recall last year we did end up slightly in the red and there was a need to increase the lunch prices. While you, Alderman Garrity, were on the School Committee that was done and the result has been that they were able to take the food service budget and put it back into the black.

Alderman Smith asked, Mr. Plodzik, I have on page 18 note number two, compliance and accountability...it says the following funds had deficits as of June 30, 2001 and I have a question. Could you please explain the tuition based program fund?

Mr. Plodzik answered that is a special revenue fund and it would be like driver's education or adult education type programs. If you were to look more fully, that is on Page 12 that you have and that is one of those specific funds that is supposedly self-supporting. It is part of the group that is on Exhibit B1 on page 22 in the financial statements. I noted just for your information, Alderman, on page 23 that the tuition based program as a matter of fact it started the year July 1, 2000 with a deficit of \$317,000. I am on page 23. It is a statement for those of you who don't have the report in front of you. It is a statement of revenues and expenses and changes in fund balance just for special revenue funds, which includes food service grants and this tuition based program. They started the year with a deficit of \$317,000 and they ended the year with \$150,000 so they made up \$166,000 throughout the year. As I have indicated in my financial report, their indication is they want to make up the additional \$150,000 and be in the black at the end of FY02. Whether or not they will be, I am not sure.

Alderman Smith asked in regards to health insurance how come you can't speculate...I realize you don't know the extent of injuries and illness and so forth but why can't you speculate to a certain amount so you are not off. It seems like every time you come in the deficit is due to health costs.

Mr. Plodzik replied it is just difficult to do because you have a stop loss of \$100,000 but it depends on the conditions that may develop. You really can't make that determination.

School Committee Member Donovan stated we can do a better job than we have been doing on the School District side. You can't predict fully but I think we could do better than we have been doing.

Alderman Lopez stated you mentioned joint and gross budgeting. Could you give us and I know it is a major task for the joint thing to happen whether the School Board does it on their side and doesn't want to operate with our side or our side doesn't operate with them because of political structure, but could you give some minuses if this does not happen under GASB 34?

Mr. Plodzik replied I think you would get an adverse opinion on your financial statements, which would affect your rate of borrowing and I don't think the City of Manchester would want that or any large community would want that. That would be one adverse...it is not just gross budgeting. If you don't conform to the standards established in accordance with GASB 34, which changes the whole financial reporting structure, you have to get an adverse opinion. Again, we are just the messengers. We have many clients who will take that adverse opinion and don't mind it because they just don't have the resources to do it and they are not going to go out and seek long-term debt on a competitive basis. They are going to go through the Bond Bank and we have talked to the Bond Bank and the Bond Bank probably is not going to have any choice but to issue bonds or notes to these municipalities. They are not going to have any choice if they want to stay in business because many of them are not going to be able to do this.

Alderman Lopez stated you mentioned other school districts that have the same problem that we have. Compared to our district, which is one of the largest, what would be the next largest school district?

Mr. Plodzik replied probably Nashua.

Alderman Lopez asked and they have the same problems that we have.

Mr. Plodzik answered yes they have similar problems.

Alderman Lopez asked what is the period of time to come up with joint venture between the School District and City.

Mr. Plodzik answered I am not sure you would have to have a joint venture now. You may not do it by joint venture. As a matter of fact, it is clear that the City may be ahead of the School regarding their fixed assets and the City Finance Department will be able to tell you that but in talking with Mr. Sherman awhile back I think the City is ahead of the School District regarding the fixed asset record keeping. That being the case, I think the School District has no choice but to go out and get proposals from an appraisal company to set-up fixed assets and equipment and so on and so forth, which shouldn't be too cumbersome. They may do it on their own. It was just a suggestion saying that could be one area where you might possibly have a joint venture. It may not occur. That is not going to preclude you from following GASB 34 or the School District for that matter even if you do it on your own.

Alderman Lopez stated but you did indicate by doing a joint venture that there might be some savings.

Mr. Plodzik replied it might be beneficial. It depends on how far along you people are at the City compared to the School District.

Alderman Gatsas stated on page 8, the combined balance sheet, if I take the cash equivalent of \$2.5 million and I take the inter-governmental, which I assume is what the City owes and add those two together I come up with \$18,353,110. If I go down to the deferred revenue side, it looks like that is \$20,207,587 so from a cash perspective they have overspent the cash that we received that was FY02 money and spent it in FY01 somewhere to the tune of \$1.8 million?

Mr. Plodzik replied I am not sure I would go on that basis. I am not totally sure I understand you but to answer your question as best I can, the deficit they have that I am showing here, \$2.7 million, is part of the figure that you are talking about. They didn't overspend. They did not overspend the FY01 budget. Clearly I pointed that out. In the general fund they did not overspend.

Alderman Gatsas asked if you were going to give me a statement on the entire School budget including food and nutrition, they would have overspent their budget. The deficit would be somewhere in the vicinity of \$420,000. Is that correct?

Mr. Plodzik answered that would be correct only to the extent that you couldn't consider it revenue. It is only correct on one side of the budget, the ledger, and that is your appropriation side. You wouldn't do it on a cash basis. If I were going to give you the financial statement, I would give you exactly what I have given you and it wouldn't be on a cash basis. It wouldn't take the cash you have on hand because you have to include other liabilities. You didn't mention two other assets. You have accounts receivable of \$1.4 million and you have inter-funds so you can't strictly go on cash. I guess the point I am trying to make to you is you can't give an opinion or a fund balance on a cash basis because cash is just one asset that you have. The liability due the deferred revenue is just one liability that you have. To answer your question, they overspent the gross appropriations, which are primarily covered by existing revenue. I don't know how else I can say it better than that.

Alderman Gatsas stated what I am looking at is the total amount was \$106,832,425, the total appropriation for the School District including food and including the general fund. Is that correct?

Mr. Plodzik replied that appears to be correct.

Alderman Gatsas asked is that correct or not.

Mr. Plodzik answered it went through the tax rate papers so on Exhibit III that is those combined.

Alderman Gatsas asked if I go to the very next column, the total actual expenditure was \$107,252,723. Is that correct?

Mr. Plodzik answered correct.

Alderman Gatsas asked if I subtract those two, I have a deficit of \$420,000. Is that correct?

Mr. Plodzik answered that is correct. On the top of the same page, which you also have to add to the equation as part of the budget because in the State of NH you have to have a balanced budget, go back to your appropriations. The estimated revenue of \$106,832,425 is the same amount as the appropriation. That is the estimated revenue. If you look to the right of that, what is your actual revenue? It is \$107,607,000 or \$774,000 more than you anticipated. If you take your deficit that you are talking about because they didn't budget gross on food service, they had \$354,000 actually left over. That is all I want to point out to you.

Mayor Baines stated we are going to go around on this forever. I think both points have been made and we need to move on.

Alderman Garrity asked, Mr. Plodzik, in your 35 years experience of auditing school districts, in your opinion is it common practice for school districts to take school CIP funds and cover budget shortfalls.

Mr. Plodzik answered when you say common practice, I don't have a lot of schools that do those...when you say CIP funds are you talking about monies appropriated for capital improvements.

Alderman Garrity replied yes.

Mr. Plodzik responded yes it is common practice and no only for schools but for towns. In other words if the budget is going to run short, they won't purchase some capital equipment or they won't do capital outlay. That is the only way they can balance their budget. They look at what they have to do and those things that they don't have to do they don't do. It is

not uncommon to balance the budget with a capital improvement program. It is very common. Capital items don't get done or they get carried over into a subsequent period.

Mayor Baines stated we are doing some of those things within City government right now because of the Welfare situation.

Alderman Wihby stated let's go back to Alderman Gatsas's question. The \$106 million versus \$107 million. I understand there is additional revenue there but if we are going to say that the appropriation is the appropriation and that is all the School Department is supposed to spend, which is \$106.8 million, wouldn't you say they overspent according to that. They should have come back at some time before they actually spent the money and said we have this additional revenue and we want to have an additional appropriation.

Mr. Plodzik replied that is correct.

Alderman Wihby stated so they did overspend. We understand there is additional revenue but the appropriation is the number that they are supposed to spending up to and they did overspend that. They did cover it with additional revenue, but still haven't come back and asked us for an additional appropriation.

Mr. Plodzik replied which I have a responsibility to note in the report which I have noted.

School Committee Member Donovan stated my only comment on that is we are going to come back and I don't know if this is the time to talk about it but we are planning to come before you at the April meeting to ask for an additional appropriation of the projected revenue surplus that we are going to have. One will be the additional \$98,000 revenue surplus that we are projecting on food service, which will be used to offset the \$70,000+ of anticipated additional food service expense. On the general fund we are also going to request...we voted at our finance committee meeting last night to ask for a portion of the projected \$600,000 revenue surplus to be used for our expenses, which we haven't overrun our budget and we don't intend to but we would like to use some of that revenue surplus money to fund items such as the Building Maintenance budget, the so-called SCIP funds and for school supplies. Another area where we cut back on when we are concerned about the budget is school supplies. You may have heard from schools that they are running short on items. We are releasing what we can but we still need to spend more money in that area. For that, as well as for some of the other projects we will come back to you. I cannot give you tonight the precise amount but we are making headway on the building project, the SCIP fund money. I think we may be down to as low as \$240,000 as an item that is not yet committed or spent so we have a smaller nut to crack then when I met you last month. We

are not out of the woods but we think in the April meeting we will come and formally ask you for an appropriation.

Alderman Shea stated it would be helpful if prior to our meeting we were given the material so that we could peruse it before the actual meeting itself rather than being confronted with it at the meeting.

Alderman Gatsas asked, Mr. Donovan, the \$600,000 surplus that you are talking about, does that include the \$250,000 in SCIP funds that you haven't spent in maintenance.

School Committee Member Donovan replied the surplus in revenues is...the SCIP funds are...

Alderman Gatsas interjected if we appropriated you \$100 million are you saying to me that you have \$1,600,000 in revenue. Is that what you are telling me?

School Committee Member Donovan replied yes projected.

Alderman Wihby stated that is still less than you had put in your budget. They can come back and ask for \$1 million. We thought they were going to come up with more than \$1 million.

Mayor Baines replied that is correct and that is a decision that the Board will have to make.

School Committee Member Donovan stated we still want to leave some money in there because we want to end up with a surplus. That is part of the commitment and part of the settlement to come up with some surplus for this year and we want to do that.

Alderman Gatsas asked on page 8 on the balance sheet do you have the conclusion of your balance sheet of FY00. What was the cash balance or the deficit on the balance sheet of FY00?

Mr. Plodzik asked at the beginning of the year.

Alderman Gatsas answered yes.

Mr. Plodzik stated the balance sheet by the previous auditor and in my notes on the financial statement I had to restate the fund balance that showed \$2,545,000.

Alderman Gatsas asked so in essence there has been an increase of some \$250,000 of cash spent in a year basis.

Mr. Plodzik answered no because if you would be kind enough to refer to Note G on the financial statement, which is on page 18 of the audit report, I had to restate the financial statements to actually show a revised fund deficit of \$3,146,000 and I am obliged to point that out. I said that the previous auditor's report didn't pick up payroll taxes and benefits that they should have and additional payables and so forth. In other words, before I picked this up I had to confer and communicate with the previous auditors and say I was making these adjustments as a result of auditing the books for the period beginning July 1 because we found that these were legitimate expenditures that occurred as of June 30, 2000 and they should have been put in there and they weren't. Through oversight or whatever the case may be, it wasn't done so we had to revise the beginning deficit, which is really \$3,146,000 beginning July 1.

Alderman Gatsas asked so beginning July 1 what you found was payroll that was due for FY00 and was paid in 2000, which would have made a deficit in that year's spending also except it was carried forward. Is that what you are telling me?

Mr. Plodzik answered when you say it was paid in FY00 you are correct up to a point. It was paid after June 30. It should have been accrued. It should have been picked up. Now there can be any reason why. You have to assume it was oversight.

Alderman Gatsas replied no. That question was asked and the answer that was stated was that it was salary and that it was carried forward. Mr. Cook addressed that question and said that it could be carried forward. For that reason, FY00 shows as though it was positive. If you would have taken that \$400,000 into FY00 it was a deficit.

Mayor Baines thanked Mr. Plodzik for his presentation. The good news is that the financial challenges of the School District are being cleaned up with the help of Mr. Plodzik. We recognize that things haven't been and weren't what they should be.

Status update by Paul Martineau, Commissioner of Welfare.

I would now ask Commissioner Martineau to come forward and give a brief update on the status of the Welfare Department. While he is on his way up I would like to publicly commend the Commissioner for the job he has been doing confronting some of the challenges he faced since assuming office. I thought it would be important that he had an

opportunity to address the Board and give a synopsis of what has been going on in the Welfare Department.

Commissioner Martineau stated the Mayor suggested that I come and give you a brief update and that is what I am going to do. This gives me an opportunity to introduce the new Deputy Commissioner, Diane Guimond who is on my left. She has been with the department for 10 years and has been working side by side with me to try to get some economies done. One of the things is French Hall obviously has been operating. New Horizons has been sending between 24 and 28 individuals there yet they still at New Horizons are running between 120 and 130 individuals that they are putting up depending on the weather. The other thing is I have been meeting with various agencies to build bridges. I met with the State Welfare Department in Manchester and I learned quite a few good things. One of them is that the people that are getting TANIF, if there is a shelter requirement for these people what they will do is pay \$293 towards the shelter requirement. This has to be a voluntary form that they sign and I am in the process of constructing this form so that the clients of ours will sign this and what will happen is we will receive those funds, which will be less that we have to pay. The other thing is a couple of my staff people told me and I think I have mentioned this before, that the City if they are paying these hotels and motels we don't have to pay the rooms and meals tax. Immediately I notified them to stop doing that and I contacted somebody at the Department of Revenue, Barbara Reidy, the Deputy to find out how we could recapture the funds that we have already paid. Today I spoke to a staff person up there in the audit department and they told me that the vendors would have to submit an amended report and then what they would do is get reimbursed and pay the City back. We can go back three years. We have vouchers on these things and basically they have to make out that report but we can possibly help them in doing that and maybe even get limited approval by them to do this so that we can recapture this money.

Mayor Baines asked do you have any idea how long the Welfare Department has been billed along those lines and has been paying that tax.

Commissioner Martineau answered I think that it escalated last year when they really started to use the hotels and motels. I am not sure about prior to that but we can go back three years so this could be a substantial amount. If we are talking \$500,000, that is \$40,000 and if we are talking \$1 million, it is \$80,000. Basically we will have to go back on our vouchers and redo that and try to get cooperation from them. That is one way I am looking at recapturing some money. The other thing is, which I would have to pass through the Board here and get your approval on is Bethel Court. What I would like to do is I found out that we have clients with Section 8 approval but they can't find apartments. What I suggest is that we become a landlord. I went to the MHA and spoke to a person there who said that it is no problem as long as it passes their inspection. Then what we could do is basically rent those apartments,

they are three bedrooms and in nice shape and there has been quite a bit of money that has been expended in bringing those up to code and we could charge \$1,004 per apartment, which would be roughly \$3,012 a month gross income. We would have to include heat and hot water so this would be about \$36,000 gross income a year plus the fact that we would have three families that wouldn't be in a motel so we would save another \$50,000 roughly from that end so it would be a big turnaround. However, I would have to pass that through the Board of Mayor and Aldermen for your approval because we would be a landlord. The other thing I have done is tightened up...I have asked the caseworkers to be more diligent in their verification. What I have done is I am going to keep cases open for six months. In the past, the practice was somebody came in and once they left and you didn't hear from them for 30 days if they came back after 30 days it was opened up as a new case and they wouldn't be held to the standards or requirements that they were told they had to do before. By keeping it open for six months, if they come back we want to make sure that they have abided by the notice of decision that was given to them stating that they had to do certain things. Now they would have to be held to that before they could qualify again. We have also had the audit from the internal auditor, Kevin Buckley. He is going to be reporting to the Committee on Accounts as to what he found and we have already answered some of the shortcomings that we had in our department. We have weekly staff meetings and one of the things I did and I told the Mayor that it is time for spring training for baseball and you have baseball players in Florida who are paid millions of dollars and what do they do when they go to spring practice, they start with the basics so what we have done is taken our application and we sat around and we have gone from the beginning of the process to the end and there has been a lot of contributions on the part of staff members. We are going from the basics so that we know everybody is on the same page and when someone comes in they will all be treated the same way. I am updating and I am also rewriting the guidelines and this is another thing that is going to be presented to the Board for your approval after I pass it through the City Solicitor. We will have guidelines and once they are approved we will have a copy in the Library and in the City Clerk's Office and we will probably get it on our website so that people will have access to that.

Mayor Baines stated you also told me that there is a requirement that they be approved by the Board of Mayor and Aldermen and that has not been done in the past, at least for some time.

Commissioner Martineau replied that is correct. The other thing is that today they came in and installed our new software package that we have that was specifically designed for the NH Local Welfare Association. What we are going to do is start using that so that we can update and get reports more rapidly and we can have more statistics and data to present to you more readily. The other thing is that we have one case that is under investigation for fraud and we are also looking at another one. What we are doing in essence and what I want

to do also is go back and review some of these cases and where there is a case where it might appear as though there was some collusion to try to get money falsely we are going to prosecute them so the word gets out. Basically we want to be firm and fair. If you abide by the rules you are all set. If you don't, we are going to proceed. That is all I have to say.

Alderman Lopez asked, Mayor, can we take the Bethel Court issue and send it to the Lands and Buildings Committee.

Mayor Baines answered we talked about sending this to Lands and Buildings one the issue is reviewed by the City Solicitor. It is about the City becoming a landlord and I think we need to be cautious about that.

Alderman Wihby asked, Paul, that \$293 that you said we could get is what, a week.

Commissioner Martineau answered \$293 a month would be taken out of the TANIF grant and be applied towards the shelter. In other words if somebody is at a motel or whatever then \$293 would be sent to the vendor and we would have to pay less.

Alderman Wihby asked we never got that before.

Commissioner Martineau answered apparently not. What we did do, however, is we would require from certain clients of ours to pay us directly.

Deputy Commissioner Guimond stated the difference is we would have them complete a form and the payment would come directly from the State to us. What we have been doing now is typing up a notice of decision requiring them to come into the office and pay. They are not always very faithful about that. It depends on how many people are in the household as well. The \$293 is based on a household of a woman with one child. If it is a woman with two children that goes up a little bit with each addition to the household so the requirements would change depending on the household size. The form we would mandate that the client sign and we would present it to the State and they would in turn send us a portion of that on the 15th and a portion on the 30th directly to us.

Alderman Wihby asked so we always got it but maybe we didn't get it all because some people weren't paying.

Deputy Commissioner Guimond answered this would insure us getting the money versus hoping that they would come in and pay us on the honesty basis. Many do and some don't.

Alderman Wihby asked what about the work program. How is that working?

Commissioner Martineau answered we have reinstituted that. As a matter of fact in December there were 71 hours and in January we had 399 hours and midway through February we had almost 400 hours.

Alderman Wihby asked what do you mean you reinstituted the program. What happened to it that it stopped? How long was it not being used?

Deputy Commissioner Guimond replied for quite a while.

Mayor Baines asked how many years would you say.

Deputy Commissioner Guimond answered I would say close to two and some of that is because we were dealing with a population which was largely disabled but there was a long time where it just wasn't being utilized at all. We had lost a lot of the locations that were taking care of our clients, such as the Food Bank, Parks & Recreation and New Horizons and now Charlene has contacted them and we are utilizing them again. She is looking for additional locations so we can utilize even more.

Mayor Baines stated it wasn't a priority of the department but the Commissioner has now made it a priority.

Alderman Wihby stated it was at one time. I don't think anybody on this Board knew that it had stopped. She came in and was telling us that she was working on it.

Deputy Clerk Johnson stated the work program when we had gone over there basically had been inoperable for some time and it was my understanding that Susan had stopped that for whatever the reasons and Leo and I had recommended that it be reinstituted immediately and I think that was one of the first things they worked on.

Mayor Baines stated that is being fair to everyone involved, including the taxpayers of the City and I commend you for putting that program into high gear.

Alderman Gatsas asked how many families or individuals has the Welfare Department, not New Horizons, sent to French Hall.

Commissioner Martineau answered we are sending one family tonight. Two weeks ago *The Union Leader* had an article stating the homeless shelter was looking for families. I think we had a gentleman with a couple of kids who went up there that weekend and we had another

lady go up. When they found out that really it is not a full-time shelter but just an emergency overnight shelter, they found other accommodations.

Alderman Gatsas stated let me try the question again. How many people have you, because I believe you came to this Board and said you needed an accommodation for the homeless of the Welfare Department? How many families or individuals have come to the Welfare Department that you have sent to French Hall?

Deputy Commissioner Guimond replied the number is going to be hard to give you but we have sent people over. Often times when we send somebody to a shelter they don't go. They don't like it. Because we have been paying for hotels for a long time, they have been coming in asking for hotels. What French Hall has done for us is kind of instead of offering them a hotel we offer them French Hall and when they are offered French Hall they go someplace else. Actually how many have spent the night there, I am not sure.

Alderman Gatsas asked is it one or ten.

Commissioner Martineau answered three. A gentleman went up with kids and another lady went up and she found out what it was and left and today we are sending one up there.

Alderman Gatsas asked so the recommendation that I made about Bethel Court that we could use that because we were spending money to renovate it back three months ago we are now looking at it for families.

Mayor Baines answered that is for Section 108. It is a different program. I think you told me that an average of 25 or 26 people a night have been out at French Hall when we met a couple of weeks ago?

Commissioner Martineau replied yes.

Alderman Gatsas stated but those aren't from the Welfare Department.

Mayor Baines replied no but it wasn't for...

Alderman Gatsas interjected the City's intent from what I understand is the Welfare Department came to this Board and asked for an expenditure of some \$75,000 to put French Hall in a position that the overcrowding would be reduced and the funds that we would be sending people to the hotels with would be reduced because they would go to French Hall.

Mayor Baines responded it has. That is what Diane just said.

Commissioner Martineau stated what happened is I came here with Louie Craig if you remember and in meeting with these different agencies we were told that there were families out there that had no place for shelter and that was going to be one means of taking care of them. The other thing is initially we were going to keep it open over the weekend but we found out it wasn't practical so it became just an overnight emergency shelter.

Alderman Gatsas asked so we have been spending this kind of money for 24 people roughly and really no accommodations for families that needed housing that we were going to save money at hotels.

Commissioner Martineau answered not necessarily. The thing is if you have a problem where New Horizons can't handle these people, the City then becomes responsible so we have to take care of them and we would have to put them in hotels and motels. Thank goodness we have New Horizons because they are taking care of these individuals during the winter time.

Mayor Baines replied if we didn't have them, they would become our burden.

Deputy Commissioner Guimond stated as far as the families, Paul and I were reviewing the numbers of families that have been in hotels that we have been paying for for quite some time today. In November and October and December there were 35, 38 and 40 families. As of this week we were down to 13. Just having opened up French Hall and having the ability to refer families there has discouraged them. They go someplace else because they don't want to go there.

Alderman Gatsas asked so they are sleeping in their cars and you think that is an alternative.

Deputy Commissioner Guimond answered I wouldn't say that they are sleeping in their cars.

Alderman Gatsas asked well where are they going.

Deputy Commissioner Guimond answered they are probably going to family members who were available to them at the beginning but because they knew that the City of Manchester was providing hotels for the homeless they were coming in and they would say I want a hotel for tonight. Now we have the option of saying we have French Hall that we can offer you and they don't want that.

Alderman Gatsas asked but then they come back and you said that you give them a hotel. If they don't stay at French Hall and they come back to you, you will put them up in that hotel is what I remember your comment being.

Deputy Commissioner Guimond answered no we don't put them up in a hotel if they refuse French Hall.

Alderman Wihby asked could you tell me roughly what December's rent bill was compared to now. Is it half or a third or the same?

Commissioner Martineau stated if we went from 35 families in hotels and we are down to about 16, the cost has been declining. Obviously that is our intent.

Alderman Wihby asked any idea where the budget is going to end up.

Commissioner Martineau answered I couldn't predict right now.

Mayor Baines stated at this point in time I would apologize to the Board and ask that we take up some new business now. This relates to the issue of baseball. As you know, there was a story in *The Union Leader* today to be honest with you that we wish had not occurred because it has pushed our agenda faster than we had wanted to and as a result of that we do have two proposals that we are going to bring before the Board tonight that are asking for consideration in reviewing various options for baseball. At this time I would like to call Chuck Rolecek to come up with his group to make a brief presentation to the Board and then I will be calling another group up as well and then we will have some discussion.

Mr. Rolecek stated I am here to talk on behalf of the Susquehanna Management Group to present to the Board of Mayor and Aldermen our presentation for baseball in the City of Manchester. My name is Chuck Rolecek and I am a local businessman. This is my associate, Peter Welch. We are part of a group that has worked diligently to bring a baseball team here. In fact, we are dressed so casually tonight because we were on our hands and knees around Gill Stadium this afternoon and walking through the parking lot and outfield and a variety of different venues and just coincidentally we were informed of this meeting at about 5:30 PM tonight so I apologize for our casual appearance. As I said, I am a local businessman who has been doing business with the City of Manchester since 1987 primarily out at the Manchester Airport. Our group has worked hard in the last year or two and I have been present at some of these meetings in the last month or so as the topic of baseball has been accelerated should we say. I was also part of a group that tried unsuccessfully to purchase a professional hockey team prior to the Los Angeles Kings purchasing the Monarchs. I learned a few things at that point that said proceed cautiously and to do your

homework. Frankly, we thought we had another three or four months as the feasibility study took place before we were going to be in a position to make a presentation. We have been analyzing the market here since probably a year ago today. We think baseball, professional baseball, whether it is A, AA or AAA is positive for the City of Manchester and we pursued baseball at all levels and all of the different minor league divisions for most of last summer and purchased a team finally in the fall of last year. We purchased a team from the Northern League. It is an independent league not too unlike what the Nashua Pride is in. It does not have a professional affiliation and we believe strongly that there is a positive to that. We also believe that there is an opportunity, a golden opportunity here in the City that instead of coming before this Board and asking for money and asking for a large expenditure of \$10 to \$20 million we instead are prepared to ask this Board to afford us the opportunity to renovate Gill Stadium. We think that is a very viable opportunity. We think that with capital improvements that would include the stands, the concessions, the infield, the outfield, all of the customer or fan amenities that that could really be turned into something. It has some great character. It has some great history with the City. We are well aware of the New York Yankees playing here years ago and we think it shouldn't be discarded or taken lightly. We are also aware that there is a tremendous involvement with the local community with Babe Ruth and American Legion and we would pledge from right now and throughout the process to work diligently and harmoniously with those groups. We think that there is a marriage to be made here with the professional baseball and the local community. In fact, it is one of the things that makes us believe that an unaffiliated team provides greater opportunity to use the facility to your way of doing business or with more community involvement then being affiliated with a major league team that has a few more rules, regulations, procedures and policies. For the opportunity to play at Gill Stadium, our group is prepared to make a substantial personal investment requesting no money from the City. A renovation that would be proposed in lieu of a rent over a period of time that we feel the improvements that would be made, the capital improvements would stay with Gill Stadium whether we move to a new facility, if funding was available in the future, whether baseball was considered a success, whether we were deemed a successful organization or operation and we would still be willing to make that private investment because we believe that baseball has a great future in this community. We had met with the Mayor on two previous occasions in the last six months and late in the day we were informed that this may be coming to a head and that we should be prepared to make a short presentation this evening.

Alderman Lopez stated without knowing the complete details and it is not going to cost the City any money but the total renovation and you might not want to put a figure on it but let me ask you this. When could you put a complete proposal in writing as to the agreement that you are looking for with the City of Manchester?

Mr. Welch stated we were thinking about making a proposal a little earlier, actually even last week but we really didn't want to do that we kind of wanted to respect the process and unfortunately the process has been accelerated as you mentioned. So we very quickly wrote something down which gets most of the major points across in order to have it here for tonight. We can certainly put some more polish on it. The basic issue is that we have already been studying this market for a while now and we believe it is a market that we can be successful in with our brand of family-oriented entertainment, baseball, at a high level. What we haven't had the opportunity to do because of the process is to really get into Gill Stadium and kick the tires to find out exactly what we will be talking about but at a minimum we are talking about a renovation, repainting, new bathroom, expansion of the bathrooms, reorientation and enlargement of the dugouts, all of the fan comforts and creature comforts that you would want in a professional baseball facility. The basic proposal is that we are prepared to move. We already own a franchise. It was actually once thought that we were going to begin playing this June but we were able to not have to do that and thankfully we have a little more time. We are prepared to move and ready to get into it but we just need to be able to engage with the City in the specifics as to how it would work. The basic idea is that we will go in and make a substantial investment. We have been looking from outside the fence to see what we think it would take and we are pretty comfortable with the number that we think will get us to where we want to go initially so that we can be up and ready to play ball in May of 2003.

Mr. Rolecek stated if I can add we have also had representatives from the Northern League review the stadium. Again we were out there today. The consultant that we engaged a couple of months ago is here today. He is from a sports management and marketing company, Mr. John Dietrich, and we have already initiated a feasibility study as we were instructed to by the City. The City was going to go along with their feasibility study, we would have our feasibility study and this was again all along the lines of a new ballpark at \$10 or \$20 million. Realizing that there are many other agenda items and many other ways that groups prior to us were certainly talking about more money we are saying that this is an opportunity to allow our group to put some money into something that has all the potential and has been given a green light that yes it can work.

Alderman Shea asked the ball club that you bought did you buy an intact ball club or do you have to go out and get ballplayers because you have a franchise.

Mr. Welch replied we bought a franchise and in our league and in our situation we would be acquiring players when we know where we are playing and when. That is something that would go on right about this time if we were going to be playing this year in June.

Alderman Shea stated I know that the colleague to my right has been very instrumental in bringing in Legion ball and maintaining it and of course they use that stadium as well as intermittently the Babe Ruth team and if they have national tournaments they also use that plus it is used for soccer in the early fall. How would your schedule work with that?

Mr. Welch replied that is a very good question. We are very aware of the current uses that are at Gill Stadium. It is a great place and there is a lot of history to it and we are sensitive to the fact that there are other uses there and we would like to get in to find out how we can work together. Our goal is to really be an addition to the community and not some group that comes in and says this is our facility and you can't use it. Quite the contrary, our requirements are 45 home stands from May until early September and that is it because the balance of our games are away. I would like to think that there is a way to coordinate with those other users so they can all share in this enhanced facility to make it a real benefit for the community.

Alderman Shea stated one of the problems that is obvious to me is the fact that in Nashua where they have Holman Stadium, right now there is a situation going on whereby the high school and the legion are at a dilemma. They haven't played there for a long time and the high school has to build a new stadium. Obviously there wasn't compatibility there. The other point that I want to mention is that we do not have, in a sense, a new stadium as Nashua has. I am not sure that we will ultimately build one but we don't have that and there will be serious problems and obviously that is a real dilemma as far as I am concerned at this time. It is not that I wouldn't like to see baseball here.

Mr. Rolecek stated that is one of the reasons we are not asking for any money. We are asking to prove ourselves over a period of time. We are asking you to give us the opportunity to work and try to co-habitate with the other organizations and as Peter said I think we feel that it would be an enhanced facility for all the kids and for the younger ballplayers. Even the presence of having them around the major leaguers or soon to be major leaguers would have a positive influence. We have even discussed the possibility too of potentially improving another field in the City that could give us expanded use if they are so inclined and making the kind of improvements with the same capital expenditure money somewhere else to have an alternative field. If our team needs to practice and they need to play a game, maybe swapped facilities or things of that nature.

Alderman Smith stated I am very involved with Gill Stadium and American Legion baseball. Not only that but I know that Central High uses that field for their high school baseball games as well as football. Now I assume the Northern League is like Montpelier, Vt. Is that the same league?

Mr. Welch replied it is a different league.

Alderman Smith stated you said you would have 45 dates and play from May through September. Is that correct?

Mr. Welch replied that is right.

Alderman Smith stated and part of your agreement would be the renovation of Gill Stadium. Well I can tell you that Gill Stadium needs a lot of work and I don't know what your proposal would be. In fact I can tell you that the stadium was built in 1913. It has all the history in the world and I wouldn't want our youngsters displaced by a semi-professional team, not even a professional team. At this time, I would like to see your proposal before I vote one way or the other.

Alderman O'Neil stated I share the concern that Alderman Shea mentioned. My understanding in the City of Nashua was that this arrangement with professional baseball has not worked out as well as they thought. I know at one point they reconfigured the field for football but because of problems with that they ended up building Stellos Stadium. I think a number of business people stepped up but there was still a cost to the local community for that. I certainly appreciate this group's willingness to work with local baseball but it did not work in Nashua. We have four high schools that play there, three American Legion teams, three different levels of Babe Ruth and I certainly do not want to get into a contest on whether or not Gill Stadium is meant for pro-baseball or for our local amateur baseball. I have a great concern about that and it has not worked in Nashua. Are you folks talking to any other cities?

Mr. Rolecek replied we are. Once we bought the team and we bought a team from Waterbury, CT and we have until 2003 to play I think.

Mr. Welch stated we bought a team with the understanding that we are obviously going to relocate it. The owner of the team that we bought was ill and his focus was more on his health than running a baseball team so we bought that franchise with the understanding that we are going to relocate it to a good location. As you look around New England, which is basically where we are going to be operating, if you look at the various locations that are going to work where you can say to yourself this is a community that will support baseball and come see games, there is a limited number of communities that you can do that in that don't already either have a baseball team or you are not getting too close to someone else in the league. Manchester has always been high up on our radar screen of attractive places to locate the team. That being said, we understand that there is a process that you go through when bringing any business to any location so we have to be looking at other locations in

parallel just because we need a place to play. I will be honest, we are confident enough in Manchester that it is going to work and that it is an attractive community, especially because it has such a diamond in the rough being Gill Stadium that this is our number one choice as a place to be. This is where we would like to engage in real conversation with those other groups to see how can we make it work. Until we have those discussions I can't tell you that it can or it can't because we haven't had the opportunity to engage. That has sort of been our process and because these processes are uncertain, we have to go down multiple paths but to be honest this is where we want to be and for us the attractiveness of Gill is...a new stadium for us would be fantastic. We would love to do that. It is not a "must have" it is a "nice to have." We believe our brand of baseball, which brings family entertainment and a very high level of baseball to the City, can be quite successful in a renovated Gill Stadium.

Alderman O'Neil asked is there a minimum seating capacity for the Northern League.

Mr. Welch answered there are no real hard and fast rules but Gill Stadium I believe now has somewhere between 2,500 and 3,000 seats under the roof. Our plan would be to have about a 4,000 seat stadium and there is an opportunity to clearly take some seating down to the field level and fill out around the foul lines.

Alderman O'Neil asked but the league itself does not have a seating requirement.

Mr. Welch answered there are no hard and fast rules. I think the smallest stadium in the league at any point in time was probably 3,000 or 2,500 seats.

Alderman O'Neil stated it is unfortunate for both groups that we are doing this tonight but the fact that someone in City government decided to get the newspapers involved while negotiations were going on or talks, I shouldn't even said negotiations, is unfortunate. It has put both potential groups of owners in a very difficult situation as well as the City. I think that is unfortunate because we might have been able to over these next few months very good talks with both groups and not be operating under the gun a little bit. I don't know who that person is and we may never know but it has put the City in a very, very difficult situation because discussions are now in the newspaper on this.

Mayor Baines stated it also makes it very difficult to talk to people about business deals with the City when this type of thing happens as well so I appreciate your comments.

Alderman Gatsas stated maybe the only good thing that happened because it became public is that the City is going to save \$50,000 on a feasibility study because obviously we know that we have interested parties. I commend you both for looking at Gill Stadium because certainly in the past if a AAA team from the New York Yankees had the ability to play at

Gill Stadium and there were still three high school teams and there were three legion teams and there were Babe Ruth teams then there were accommodations that were made and I think that is an exemplary place for kids to play baseball. I played many a game in that stadium. I can remember when it used to be the wooden fence and the cinderblock...

Mayor Baines interjected you are that old.

Alderman Gatsas replied I am that old. I was even there when Dick Powers hit one off of the Coliseum roof. I can tell you that I commend you for it. Alderman Smith

I can tell you that there were three Aldermen from the west side, one of them sitting in your seat the last time we did a renovation at West Memorial and they gave me their word that they would encourage any renovations at Gill Stadium because of what we did at West Memorial. I would say to you that I think the opportunity is there. I think that at any level that Gill Stadium is renovated and you folks participate or whatever group comes forward I think that filling the stands of Gill Stadium again with people watching baseball is an inevitable situation that is good for Manchester. I think when you step forward and say that you are willing to look at other fields that you could renovate for practice fields or where games may be moved I think we need to take a look at that proposal because I think it is the way the City should be going and not talking about a \$10 million facility because we have an absolute jewel at Gill Stadium and that is the place we should be talking about if we are moving anybody. If you are willing to work with the City and it looks like whatever proposal you will be bringing forward certainly is going to make sense without a new field and I commend you for looking through the fence and probably you should have had some people let you in so that you could have seen the pigeons flying around and what you were really in for.

Alderman Guinta asked did somebody infer that there was a requirement that you need to start up playing by 2003.

Mr. Rolecek answered we have an investment for the price we purchased this team, we have an investment and it is considered dormant right now where you are not paying fees on it until...by 2003 we have to be active unless a new stadium is being built.

Mr. Welch stated we have flexibility in terms of where we locate and when we play, but our druthers as Chuck just alluded to, we have an investment in the acquisition price of this franchise and the time for us to get going is now. There was a time actually the day after we bought it where we thought we had pressure to play this coming June and for a variety of reasons that didn't pan out, lucky for us because we would have really been scrambling to get operations up and running. We do have some time, some few seasons before we may run into trouble with our league in terms of losing our right to play in the league. We are

pursuing as hard as we can, a location where we can play in June of 2003 because there is such a long time lead if you are going to think about a new stadium. If you are breaking ground today you may be able to play in June of 2004 and if you are not breaking ground today you are talking 2005 unless all of the things that I have been looking at over the last several months are bogus. While we have flexibility, there is urgency to locate exactly where it is we want to put our stake in the ground and set up our operations and get involved in the community by bringing them entertainment value.

Alderman Guinta asked this is a league requirement or a requirement that you agreed to in the purchase and sale of the franchise.

Mr. Welch answered there are obviously details in our agreement with the league from whom we bought the franchise.

Alderman Guinta asked so you purchased the rights from an individual owner but the league also has to approve the sale.

Mr. Welch answered right.

Alderman Guinta asked and the league inserts a requirement...is it a requirement or powerful suggestion or a requirement based on payments to the league.

Mr. Welch answered they can't have people in the league who don't play.

Alderman Guinta asked so if you don't start playing of June 2003 you start to make payments or you lose the right.

Mr. Welch answered paying starts every year you don't play and every year you don't play up to a certain timeframe and then potentially the floor opens up underneath you and you disappear down the trap door, in which case the investment we made would be lost. There is flexibility. There is pain in waiting but it is more the pain of not having what you invested in up and running to see your dream happen. That is why we are very anxious to get going for June 2003.

Alderman Guinta asked and when is your feasibility study going to be completed.

Mr. Welch answered we engaged John Diedrich who is doing our feasibility study and has been working on it for the last couple of weeks. We would expect that it would be done within three weeks.

Alderman Guinta asked is that going to be something that will be included in a proposal to the Aldermen and the Mayor or are you going to keep it separate.

Mr. Welch answered we would be happy to share it with you. We kicked off that process because we understood that the City wanted to see some evidence, some back up to say that baseball has a good shot here in Manchester. Now we understand that there is an independent study going on in the City, which obviously is good. In our minds, working with John over the last several months, who is a pretty accomplished baseball man for 25+ years and with Chuck's knowledge of the City and when you see the success of the Monarch's franchise here, it is a sports town and we believe that it is just common sense that this is going to be a successful place for our franchise to be. From our standpoint, it is going to be private money going in to create the venue for us to play in so we are willing to take that risk.

Mr. Rolecek stated I think it should be known that at first we did the feasibility study too because we thought we had to come in front of this Board to ask for funding for a \$10 million stadium and the more and more we looked and the harder we looked we kind of saw a diamond in the rough and we said there is a certain amount of an operating budget to propose to make this work if we could use an existing facility, if we can leave something there once we leave, if we can be on probation if you will for three or four or five years. How can we not all win from that? It may be that baseball is good for a year and fizzles out. We are going to be glad you didn't build a stadium and we didn't buy a \$7 million team. I think it is a way to get your foot in the water and to get wet and still leave something for the community at a later date.

Alderman O'Neil stated you mentioned that Manchester is your number one choice but about 18 months ago the City had someone in talking about minor league baseball and as a matter of fact the team was from Utica, NY and we were actually Manchester was one of several cities that they were negotiated with and they in turn ended up selling the team to someone in Maryland and that is where the team is. Are you currently having discussions with other cities?

Mr. Welch replied we have taken a look around, again, at probably three or four locations that based on our criteria would work. We are having discussions but we are not at the point where we are making a proposal to say here is what we will do and here is what we are prepared to do. It is not a situation where well Manchester says this so you have to do that. This is where we want to put our stake in the ground and if this doesn't work out here and we don't get positive feedback and indications that we are going to be able to do something here at Gill, unless there is an appetite for building a new facility we are probably going to have to begin to look at other places because it doesn't look like it is going to work here.

Alderman O'Neil asked so currently you are not having any discussions with any cities. Manchester will be your choice until it is clear that it not feasible.

Mr. Welch answered that is correct.

Alderman O'Neil stated I just want to make sure I am clear on this. You are not having any discussions with any other cities at this time?

Mr. Welch replied not at this time, no.

Mr. Rolecek stated until you refuse our offer we will not have anymore discussions with any other city.

Alderman O'Neil asked but you have had discussions with other cities.

Mr. Welch answered yes.

Mayor Baines stated there is going to be a specific request from the next group as you know, Mr. Rolecek. Is there anything else you want to ask the Board at this time.

Mr. Rolecek stated given the way things have unfolded in the last two weeks...I was at the meeting two weeks ago when the issue came up about the feasibility study and we had offered to participate in that just to get in the game if you will as an ante and we were told that that was inappropriate so we have engaged a feasibility study and two weeks have passed and we are still trying to kick tires from the outfield fence so to go back to probably the original question of Alderman Lopez, I think we would be prepared for this group to review our proposal in detail within two weeks. We would be able to give the Board a written proposal for consideration. That would also allow us the opportunity to pull together the necessary parties that Alderman Smith was referring to with regards to the Legion and Babe Ruth teams and we don't want to be where a group doesn't want us. I think as a closing comment we should be prepared to say that the figure that we have in mind for a renovation is \$1 million. \$1 million of our private funds we would invest up to whatever is necessary to make that...that we get our additional seating capacity, that we meet code requirements and things of that nature to play there for a period of time in exchange for a rent free basis.

Alderman Smith stated just to follow-up in regards to your operational budget would it include Parks & Recreation workers, Police, game fees and light fees.

Mr. Rolecek replied if that is what you think it should be, yes indeed. We would like to work backward from whatever would be needed once we see the condition of the facility.

Alderman Smith stated I would suggest you put that in your proposal.

Alderman Wihby asked are you looking to spend the money and have some sort of a long-term lease on the property and still allow other leagues or whatever to use the field. At that point would you be charging to use the field.

Mr. Rolecek replied no, I don't think so. I think we're talking about making an investment so that the facility can be brought up to the standards for professional baseball and for that we have essentially a low-cost to no-cost lease for several years and agree to work our schedule with the other uses there and whatever they're being charged to use the field now is what they'd be charged when we're there.

Alderman Wihby asked where does the money go.

Mr. Rolecek stated excuse me.

Alderman Wihby stated the money that is generated from Central baseball goes to Central or wherever the money goes...is that all still going to go to the same place.

Mr. Rolecek replied we're not considering any of those as revenue sources, we would only take the revenue sources from when our baseball team played there.

Alderman Wihby stated you'd work around their schedule or you'd expect them to work around yours.

Mr. Rolecek replied we would have to take a look...again, engage and find out what the conflicts might be.

Alderman Wihby asked haven't you looked at that yet.

Mr. Rolecek replied again, we're trying to engage to have those detail discussions and kick it around and we haven't had the opportunity to do that.

Alderman Wihby stated so you've talked to the Mayor over the last six months and you haven't bothered to talk to anybody at Parks about it yet.

Mr. Rolecek replied again trying to find the right protocol of when we can do that. We've officially asked to start the process and we've kept it to the Mayor's Office at this point. There's approximately 120 days in the season, we don't think there would be any interference from what we know with the high school sports both high school baseball is over before the summer sports start...our season starts after the high school baseball season is over before our season ends before the football season begins.

Alderman Wihby asked so where do you see a problem?

Mr. Rolecek replied we don't know if there is more than 80 dates that are being used today, if we said we had 40 to 45 and there's 125 available, we don't know if their schedule is at that level and if there's any other accommodations they'd consider to play at a major league level stadium.

Alderman Wihby asked when you set up your dates do you have flexibility in the dates or does the league just give you the dates you're going to play?

Mr. Rolecek replied they ask you for particular dates and they try to work around that as well and I think it's a give-and-take.

Alderman Wihby asked in your proposal, in your proposal, I imagine you would want some covenant that there'd be no other team in Manchester playing.

Mr. Rolecek replied yes, I think for a significant investment and again this is the number we're thinking for starters and depending on how successful it is, if we're that successful we might consider more to make it even better. I don't want to say that until we've had a chance to try it.

Mayor Baines stated, Alderman, just to clarify one part our initial discussions for this group we're not focusing on Gill Stadium. The focus on Gill Stadium is very, very new. So, that is why that did not occur.

Alderman Lopez stated there was a 1996 study...it's amazing that you came up with a million dollars because that is what it would take [a million dollars]. I think, at least I speak as one Alderman, to go get the proposal and get it in and tell us what you want from the City whether it's three years, five years, all that stuff...put it down in writing so we can analyze it in a business-type format. But, I do have a question. You said you're doing a feasibility study. How much money do you think that is going to cost you?

Mr. Rolecek replied the range in cost and I'm sure...I don't know whether you've gotten responses to your fee for the City's, but the range in cost is anywhere from \$30,000 to \$50,000 or more depending on how those consultants price themselves, but that's the range.

Alderman Lopez stated I would hope...and Alderman Gatsas mentioned it...for \$50,000 I hope that we can save because I think there's enough business people and educated people in this particular area that can look at your proposal and say yea or nay and negotiate something in the proposal whether it's you or anybody else. I still say we ought to save the \$50,000.

Mayor Baines asked point of order or point of clarification.

Alderman O'Neil stated my understanding from a conversation I had with the Finance Officer is that this is a necessity and a recommendation of both the financial advisor and bond counsel that the City has an independent financial study of this. It was done on the arena, so it's not...if we're ever going to move forward they're going to require it, so that's why this...

Mayor Baines interjected that is correct.

Alderman Shea stated just a quick question, is admission to the ballpark your sole revenue stream or are you going to depend on other revenue streams similar to how Verizon is run...like concession stands and parking or other things like that.

Mr. Rolecek stated yes, it would be more than just admission. We're not sure if there's a market for sky boxes at Gill, but part of the thinking of the field boxes would certainly be one opportunity, naming rights, pouring rights, outfield signage and I believe and we think that being a local business person we can construct an awful lot of win/win situations with the various beverage companies, beer companies, concession companies that everybody will benefit. I think we've all seen the positives at the civic center.

Alderman Shea asked are you planning on moving the fences in so Ted Gatsas when he takes batting practice will be able to hit one over the fence?

Mr. Rolecek replied I think it depends on how the ruling goes.

Alderman Forest stated first let me echo Alderman O'Neil's comment earlier about having this in the newspaper. I think a couple of weeks ago where we voted \$50,000 to have a feasibility study so we could find out what our options are. Now, from what I understand there's another group waiting to talk and I don't believe it's very fair to be standing here talking to two competitive people and I think the money that we're going to expend should

be expended to do what we want it to instead of being here and grilling two groups and everything else, that's my comment.

Mayor Baines stated there is a reason for that which you will find out as the next group comes up, why we're doing it.

Mr. Rolecek stated we do have...we weren't given all that much advance notice, so we do have a bullet point proposal which has kind of got the meat of it in it which we can share with you, I don't know if it reached your office in time. But, I have it here.

Mr. Welch stated we thought we had six months by the time the feasibility study was done, so we were a little bit caught off guard, but clearly this can become a lot more filled out once we do engage with the other interests at the park and really flush it out, but the basis of it is fairly simple and in terms of a feasibility study...obviously, if the City is going to be expending their money I think it's very appropriate to have a feasibility study done. We're doing ours for our own purposes but we've already crossed the bridge to say it would be very appropriate for us to try and get baseball going at Gill because it is such a nice facility with a little bit of clean up it will be special once again.

Mayor Baines asked, Chuck, are you asking for any kind of an exclusive agreement with the City or what is your stance on that issue right now.?

Mr. Rolecek replied we're not asking for an exclusive but we're also hoping that the City doesn't grant anyone else an exclusive. Our meter's running right now and we would like the opportunity to get into Gill.

Mayor Baines stated okay, thank you very much. Now, I would like to introduce Drew Weber and his group to come up and make a presentation and introduce people with him and make a presentation.

Mr. Weber stated we've actually brought some bats in here to see if Alderman Gatsas does have that one track power.

Thank you very much for allowing us to be here tonight. My name is Shawn Smith and this is Drew Weber. Drew and his wife Joanne are the owners of the Lowell Spinners we're the Class A Affiliate of the Boston Red Sox and I'm the organization's General Manager and have been so going on six years and I'll start this off the way we start a lot of discussions. How many of you have been to a Spinners game. Alderman Smith...that's the only one. We'll give you a little background on us. We are the Class A, Single A Affiliate of the Boston Red Sox playing in the New York Pen League which is the oldest single

continuously operating Single A League in all of Minor League Baseball. We've been operating, I believe, it's going on 61 years now. Almost half of major league baseball is in our league, there's 30 major league baseball teams, 14 of those teams are represented...Yankees, Blue Jays, Mets, Astros, Indians, Red Sox...so on and so forth and the Baltimore Orioles are the newest member in the league...as Alderman O'Neil had mentioned Cal Ripken actually purchased the team and moved it from Utica, New York down to Maryland. When I say we're Single A ball...for those of you who might need some clarification the highest level of minor league baseball and there's a drastic difference between minor league baseball and independent baseball and the nuts and bolts are...minor league baseball are teams that are affiliated with the major leagues. The highest level of minor league ball is Triple A ball which for the Red Sox is in Pawtucket, Rhode Island. Double A ball in the next step down which for the Red Sox is in Trenton, New Jersey...then there is what's called High A Classification Ball for the Red Sox which is in Sarasota, Florida...then there is Long Regular A Ball which is in Augusta, Georgia...there's Short A which is in Lowell and then there's the Gulf Coast League which is below us. Our level of baseball...we start after the amateur draft and it's a very long story but we play 76 games in 79 days. What we are interested in doing is building on the vast experience that our organization has. I am now in my ninth year, closing in on my tenth year as a general manager of minor league baseball. Our owners, Drew and Joanne Weber have owned our ball club since June of 1997 and fortunately our organization...I have some information to show you all that I will ask the Clerk to pass out in a little while if she may, please...our organization has been [fortunately] very thankfully successful to the community of the Greater Merrimack Valley including Lowell, obviously, as well as portions of New Hampshire, as well as the State of Massachusetts and in some cases down even receiving fans as far away as Connecticut. Our organization is very serious about Manchester. Manchester is not "an" option for us, Manchester is "the" option for us. A couple years ago had looked into baseball in other areas and thought that we could not devote the time and effort in other areas as well as keeping our focus in Lowell, Massachusetts. The City of Manchester provides a great opportunity for us both professionally and personally. I, myself, along with my wife Kimberly are residents of Hudson, New Hampshire. Our Assistant General Manager is a resident of Hudson, New Hampshire; our Director of Corporate Sales is a resident of Merrimack, New Hampshire and some of our other employees live in Nashua, New Hampshire and love the New Hampshire way of life especially. With our background we are not just talking gangs of baseball and the type of baseball we would bring here is not 30 games or 38 games like we play in Lowell...we're talking long classification baseball, long season classification baseball which means 142 game schedule, 71 games in Manchester, 71 games on the road to various parts of the east coast, quite frankly, and we would also be very, very interested in making this a multi-purpose facility to entertain concerts, to entertain different types of baseball tournaments and also to entertain boxing as we are currently looking into and doing Lowell and various events therein. We are certainly

interested in having this facility be the home of city/state championships for baseball, for Babe Ruth, for different classifications of baseball that fit to the actual playing facility in the State of New Hampshire...welcoming this with open arms as we do in Lowell with Divisions I, II and III North Sectional Championships as well as Divisions I, II and II All State Championships. We also have a wonderful working relationship with U-Mass Lowell, the River Hawks and we're home to their baseball team. They actually play more games in our park than we do and we would certainly be interested in entertaining options to host tournaments and to get local colleges involved as we're able to do so and we certainly do not want to de-emphasize the multi-purpose facility...that is something that we are very, very committed to doing so. We have been doing our studies, we come prepared, we have been prepared...this meeting, yes, did surprise us this afternoon, it was a fortunate surprise for us. We've been itching and around to go as your Honor would tell you and we welcome this opportunity tonight to be able to share some of our knowledge with you on how serious we are and how much have taken this. We have already performed our own feasibility study. We have completed that feasibility study. We have hired a consultant...Beacon Sports out of Boston that has been working with us and has been part of a great deal of meetings with us, in fact, we have a follow-up meeting tomorrow because of this meeting today. We have also retained the services of an architect...HNTB out of Kansas City, Missouri who's built close to three dozen minor league baseball parks. We actually have specs that have been completed and have been turned over to Bill Jabjiniak this afternoon by our organization. We have also retained the services of Gilbane as I don't have to tell you about their track record especially constructing the facility [the Verizon]...we are very, very focused on working with local businesses, obviously, and Gilbane has been a tremendous help in guiding us towards the feasibility of constructing a new facility and what it would then entail. We, at this point, do not have the results of how much the facility would cost...I am sure those questions will come about when we design stadiums and I, myself personally...I have a staff obviously, but in my career I have opened three facilities in my 9 ½ year career as a minor league general manager. I am no stranger to opening the facilities, to understanding the difficulties and also understanding what a great impact it can have on a local business community. So, tonight, what I'd like to pass out later after I introduce Mr. Weber to you is some information so you can see what our ball club is all about. I have some videotapes for each one of you...it's about a 7.5 minutes tape that on your own time, I'm sure you have plenty of spare time, to be able to sit back and watch the videotape and see what you're getting into. Our organization was the recipient of the Larry McPhail Promotional Trophy which is regarded for the best minor league baseball operation out of 167 teams in minor league baseball. Our operation also received Baseball America's highest honor of the Bob Freitas Award for our classification. There are 40 short season teams in the United States of America, we are one of those 40, you are not eligible to win this award until you've been in existence five years. We were a first-ballot winner, the only winner for our classification. We also have been recognized for the very prestigious Achievement Award

from the Boston Baseball Writer's Association. We have soldout 87 consecutive games at the ball field and we attribute this success to our market and what we have learned from our market and that we have adapted to our market. As I've stated earlier we're residents of these communities, some of the members of our staff are lifelong residents of these communities. We take a great amount of pride in working with local communities and becoming part of you all. Not having you adjust to us though the economic impact and the economic expenditure that our organization would incur through affiliated baseball is significantly higher than independent baseball. Minor league baseball and independent baseball are comparing apples to oranges. There's different agreements, different amounts of respect and viability between the two classifications and it certainly is something that is worth looking at seriously instead of dismissing and saying independent versus minor league...it's all baseball, what does it matter to us. At this point, I would like to introduce to you Drew Weber, Drew as I said is one of the co-owners of the ball club with his wife Joanne.

Mr. Weber stated I have to say, first of all, thank you very much for having us here tonight. I am blessed with a wonderful, wonderful staff in Lowell and I mentioned about a year ago to Shawn that in order to keep our staff together it's important to expand what we do. I gave up the idea of baseball because as Shawn mentioned we looked at several teams that were 200 miles away, 250 miles away and we didn't think we could do the right job for it. It's a tough business, all businesses are tough but it can be a very, very difficult business and I guess for some crazy reason right next door was the jewel and it never even occurred to me and especially when I saw the arena going up, I said my god look at what...what aren't they doing baseball, this is 30 times more difficult what they're doing and I know every one in this room knows how well you've done at hockey and the arena. I'd been looking at certain types of businesses, I was going all over the City of Lowell really trying to buy a synergistic business, something that could enable this staff to stay together and all of a sudden we talked about Manchester, came up to Manchester and it's right...the synergy with Manchester and Lowell is incredible. Just all of the...we're more than baseball, we call ourselves "entertainment" that's what we sell and there are so many incredible economies of scale that could work in having something on Friday night in Lowell and Saturday night in Manchester were we to get this opportunity and Shawn mentioned affiliated baseball...that's all when I started, I was looking, I was obsessed with minor league baseball. I had been in the men's clothing business my whole life and I knew some major league baseball players and all of a sudden...and that's kind of the way I am, I think, I got a total obsession and went around the country for about two years looking for a minor league baseball team and quite honestly I had never heard of Lowell, Massachusetts and that's...the story is great and what brought me to this area, the coincidences and the fate, but it's been just a sensational experience and I am very, very confident, very confident whether it's our group, the group that you spoke to before or whoever that Manchester is a definite success in baseball and I can tell you that we

it would be an honor for us, we'd love it, we'd love the experience, can I say what we just purchased from, what do you think? Just purchased a chimpanzee, it's going to be the only working chimp in the east...this is what we're always thinking about, just ways, the kids love to come to our park because they have no idea what they're going to see. They might see a little baseball but they're going to see plenty of other things and that to us...that from my standpoint I have to say has been the incredible fun that I have had being a part of this. I don't run, I couldn't come close to running the operation. Shawn and the staff that Shawn has are terrific...I'm very thankful for that and just the fact that we're 30 miles away could enable, obviously we'd have a new staff, but we could just have synergy, it would just be great and that's really all I have to say. Thank you for listening.

Mayor Baines asked what is your proposal for Manchester, Shawn.

Mr. Smith replied first of all before I get to that, Mr. Mayor, if I could. In case some of you are wondering this has nothing to do with Lowell, Massachusetts. We're not looking to move the team from Lowell, Massachusetts. So help us, good Lord, baseball will always remain in Lowell, Massachusetts. This is an extension of our business. We are dedicated to both communities and obviously we will have staff in both areas to be dedicated in both communities. Mr. Weber, his wife Joanne, myself would be accessible in both communities at any time. It takes up 35 minutes to get up here, that's abiding by the speed limit, of course. So, it's a very short distance. As Mr. Mayor knows we are able to get up here in very reasonable time fashion to be able to handle these issues. What our organization is proposing, Mr. Mayor, because we are very confident in this community, very confident in our abilities and our track record and very confident in the studies that we have done both along with Gilbane, along with HNTB and along with Beacon Sports are very confident in knowing what we need to do to make this operation work. We are prepared tonight and I have copies that I have drafted a letter to Mayor Baines along with copies for each one of you...we are prepared to offer ourselves to you in the form of exclusivity, we want to be your ball team, we know that tonight. We want to bring affiliated major league baseball to the City of Manchester, bring it back to the City of Manchester. Relive some of that glory from some 35 years ago, put it on the map and create one of the greatest synergies in all of minor league baseball putting Lowell, Massachusetts and Manchester, New Hampshire together...make them inseparable in their dominance in this part of the country. So, at this time, if I could please have someone to come forward...I have those letters...the top one's for the Mayor and I think there's a few copies extra there.

Alderman Pinard asked have you picked a site in Manchester and where.

Mr. Weber replied we have looked at a site, we've talked to HNTB about this and as a matter of fact I think they've drawn up pictures in the area of Singer Park.

Alderman Osborne stated you've said you've done a study...how much revenue would be needed to meet your goal or investment in the City of Manchester.

Mr. Smith replied I don't think we're comfortable with divulging those private financials, Mr. Osborne.

Alderman Osborne stated I'm just trying to get a ballpark...what it takes in Manchester to have...sell tickets and so on and so forth...how many would you have to sell or whatever.

Mr. Smith replied with all due respect those are business matters...

Alderman Osborne asked would this be in the proposal at one time or another.

Mr. Smith replied I don't see the relevance, Sir, on disclosing our financial viability.

Mayor Baines interjected I don't think that's what his question was. His question was have you analyzed the market in terms of the number of tickets...

Mr. Smith replied I'm sorry, yes, yes we have.

Alderman Osborne asked how many seats would you say it would take or how many...

Mr. Smith replied what we are looking at is a facility that would seat, seat now about 6,000 people and have room to be able to put about another 2,000 people on what are considered berms, Alderman Osborne.

Alderman Osborne stated this would be no cost to the City at all.

Mr. Smith replied we have not entered into any discussions with the City about a lease or costs...we're in no position to put a proposal on the table tonight of entering a lease situation. We are coming to you tonight to say we know what needs to be done here to have affiliated minor league baseball. We feel it is a viable opportunity, not risk, opportunity for us to be committed. This is our number one choice and with the information that we have attained and will continue to expand with with Gilbane, with HTNB and with Beacon Sports we are very excited about the opportunity to work alone with the Mayor's Office on bringing this thing to fruition and seeing what those costs will entail before it gets to that point of discussing who pays for what and how much what is.

Alderman Wihby asked can you explain one more time...now, this isn't the Lowell team, Lowell is staying where they are...this is going to be a new team.

Mr. Smith replied that is correct, Sir. It will be an existing minor league baseball team.

Alderman Wihby stated you are going to go out and buy a team and bring them here too.

Mr. Smith stated we already have, if I may say, the wheel is already in motion to bring the team here.

Alderman Wihby asked is that another team that's going to be affiliated with the Red Sox or would that be a team affiliated with...

Mr. Smith replied it's an existing team, we are in no position for tampering rules which is a legal term that binds us to discussing any affiliations, any classifications with any possible organizations whatsoever. All I can divulge to you is that it is a full-season affiliated team.

Alderman Wihby stated so it is something basically like we have in Lowell that's affiliated with the Red Sox, this is something else playing the same type of baseball but affiliated maybe to somebody else.

Mr. Smith stated and it would be long-season. Lowell only runs from mid-June to the beginning of September. This would run really the same length as the major league.

Alderman Wihby asked what is the difference then between what you would have here and Lowell.

Mr. Smith replied not only is it the number of games, we would play 55% more games here. You go from 38 home games in Lowell to 71 home games here.

Alderman Wihby asked why is that, is it the same league.

Mr. Smith replied the season is longer...the short season has a place in baseball because of the amateur draft that takes place in June, so those players that are drafted need a place to play and start. The guys that start their season just like the major league clubs do in April that is how all of the other classifications...Long A, Double A, Triple A...we would bring a higher caliber of baseball.

Alderman Wihby stated long-range was ahead of short so you're at short in Lowell, this would be long-range which would be a higher caliber full-season affiliated to a team like Lowell's would be. We wouldn't be playing Lowell.

Mr. Smith replied no, Sir.

Alderman Wihby stated you're asking us basically [in reading this] that we give you first right of refusal or don't deal with another...you say here and you saw us talking to another group saying that you're looking for us not to continue looking or talking to them and just wait until we hear from you in six months, is that basically what you're saying here.

Mr. Smith replied we're not asking you to don't deal with anyone. I think the language can be interpreted a couple different ways. My interpretation is we are very, very confident this is where we want to be. We're asking you if this is where you'd like us to be and willing to commit to us as we're willing to commit to you.

Alderman Wihby stated in the six months that [hopefully less] but in that time period what are you going to be doing.

Mr. Smith replied essentially what we're going to be doing in that six month period, Sir, is gathering the information on the cost of the facility, bringing that to the attention of Mr. Mayor and/or his designees and going through the process. It's going to take roughly about another three months on the feasibility study.

Mayor Baines interjected I think we're expecting the feasibility study in May, Randy.

Alderman Wihby stated I guess where I'm getting at is we were going to do a feasibility study, is that what you're going to do.

Mr. Smith replied no, Sir. We've already completed our feasibility study. We understand that the City of Manchester needs to pay due diligence with a feasibility study process in order to do what you need to do. We, as an organization, are already past that. We do not need to sit and wait and find out if it's viable for us or if the market is good for us to do it, we know it is.

Alderman Wihby asked how long have you been doing this here.

Mr. Smith replied we've been very aggressive on this...as far as our discussions, not negotiations, our discussions with the Mayor have been taking place for about four weeks. Our serious interest in this area has been going on for about eight weeks. We started

gathering our homework seriously from the get go. Once we had meetings with the Mayor about four weeks ago we really turned it up a notch with HNTB, with Gilbane, with Beacon Sports and in fact have sat down at the table with all those parties and said ladies and gentlemen, what do we need to do here.

Alderman Wihby stated if we grant you this here today and I guess you're looking for some sort of a vote and if we vote not to...we're going to leave it open and let people come and talk to us and not give us first right of refusal are you going away.

Mr. Smith replied we're not going anywhere, Sir.

Alderman Wihby stated so even if we don't...

Mr. Weber stated let me answer that, it would...part of our problem is we are in the process of talking to other groups...maybe not other groups, but teams to buy. If there was a situation where other groups came in here and talked to you what it would do would be to just create a situation where it would be impossible for us to buy a team in a clean way and in a right way and it's...all we have, we're not going anywhere else. We're not looking for another team. If another team...150 away said please come and talk to us, please come and talk to us, no. It's not a question of our looking elsewhere, we're looking...if it wasn't Manchester then it's not baseball for us.

Alderman Wihby stated within the next six months you're going to be coming forward with a proposal to the City, is that true.

Mr. Smith stated with respect to the stadium, Sir, correct. We anticipate having numbers, hard numbers on the stadium that we've actually given to Bill Jabjiniak, we anticipate having numbers by the end of the week. We expect on having a mock up to show the Mayor by the end of the week.

Alderman Wihby stated a picture of the stadium and that type stuff.

Mr. Smith replied blueprints and that, correct.

Alderman Wihby stated I guess my concern is...let's say...so, you come forward with a deal. How do we know if it's the best deal the City is going to have if no one is going to come forward after that, after we okay this today no one is going to come forward because you have first right of refusal on anything else.

Mr. Smith stated when you said best deal, Sir, you mean with respect to the financing of a new stadium. That is something that I could not answer you nor do I think anyone in this room could answer you. That is a road we are going to have to walk down. We are confident that this is the best deal for the City of Manchester because you're talking...if I can kind of boast here for a second. If you were to call around to any minor league baseball team in the country, virtually any minor league team we have a reputation that precedes us of strong community involvement, strong business sense, a love for what we do and a love for the community that we're in and it's been national for us and our track record shows that we care about where we are. Not that hey we're the greatest...there are operations that are better...

Mr. Weber interjected can I answer your question. I think the answer is you can't. If it's going to be what must result is that you be happy with us and that we be happy with you that is just the way we went through it in Lowell...there can't be a situation of you taking proposals from seven different things because you're not going to get...this is a very, very difficult situation where we have to buy a team...you have to be happy with us, we have to be happy with you and you know something if it's not a good deal for you, I wouldn't want to be here I can tell you that.

Alderman Wihby stated my point is that you're coming to us today, you gave us a tape that you told us to take home and to learn about you and see about you, but you're asking us to vote before we even look at a tape, you're asking us to believe what you say and it's probably true, I'm not saying it isn't, but you're asking this Board to give you an answer without knowing anything about you. You've made comments about well ask the league and ask this and ask that but we have no time to do that because we have to vote today according to what this is saying and you're looking for some sort of a vote and what we're doing is we're tying up, I believe that Gill Stadium isn't the right place to go. I think a new stadium is the right way to go only because I don't think you're going to fit everybody in it and there's already competing forces for the time of that stadium, but you're asking us to give up any future talks with somebody who financially (which is what we're here for) to see if there's a better deal out there, we're giving that up because once we okay this we have to deal with you and just by the way this is written it's going to have to be just you because no one else is going to get involved and spend the time and the money because you have first right of refusal, so no one is going to go out there to do all of the work figuring well, they're not going to take it and I will.

Mr. Smith stated six months is not a very long time and we're talking about certain things not even coming through for three months.

Alderman Wihby asked what's not coming through, our feasibility.

Mr. Smith replied yes.

Alderman Wihby asked are you using that at all or is it just for our purposes.

Mr. Smith replied we'll certainly look at it. We're not the ones...

Alderman Wihby stated I was hoping we weren't going to do it, we were just going to sit back and wait for three months and use all of your information that you'd give us when you're done.

Mr. Smith stated it certainly going to help with the bonding.

Mayor Baines stated if we are going to be looking at bonding we will need that.

Alderman Wihby asked can you tell me for what reason, your Honor, or Randy.

Mr. Sherman replied if the City is going to issue debt to build a facility and we're going to issue that debt based on the revenues coming from the facility like we did on the civic center the underwriters, the bond insurers are all going to want to know that the City has done it's independent study to make sure that those revenues are what we all anticipate they're going to be, if they're going to support the debt service. Now, the underwriters are not going to want to take the ball team's projections, they're trying to get the City to build a facility. So, in order to sell those bonds you're going to have to do your own due diligence.

Alderman Gatsas stated let's assume that's with the assumption that we're going forward and doing this deal, why wouldn't we look at the deal that's on the table and then do our due diligence at that point if we all agree that this is the read we want to go down rather than doing a feasibility study, spend the money and say I don't think we want to do this because the deal that's on the table isn't what we want to do. You may come back to us and say it's a \$30 million facility, we're going to give you a lease and it's a ten-year lease and we don't want to pay anything for ten years and just occupy the stadium...I'm just using hypothetical.

Mayor Baines interjected the idea of going forward...your study is not withstanding the negotiations we may have with these two groups.

Alderman Wihby stated you're signing this...

Mayor Baines stated I'm not talking about that, Alderman. The purpose of the feasibility study as we said when we presented our recommendation on it was that if we're going to

continue these discussions...neither one of these situations may work out and there are going to be other people coming in and talking about this type of enterprise because there is going to be [at some point in time] minor league baseball in Manchester; that was the purpose of doing the study so we would have the basis of not only for these discussions but future discussions as well.

Alderman Wihby stated if we were going to do the study, I voted for the study, if we're going to do the study that's fine. We should do a study, find out where we are and start letting everybody come in and bid and see if they want it or not. If you're going to sign this document today I don't see why we even bother with doing a study. We would just get the information from them, get their deal, see if it works, see if financially it works and then go from there.

Mayor Baines stated that would be a decision the Board has to make tonight.

Alderman Wihby stated if we go ahead with the study and we sign this agreement, I don't know what you're getting because whatever the study says they have first right of refusal, so all we're doing is spending \$50,000 and we're going to have to deal with them anyway.

Mr. Smith stated it's not first right of refusal. It's for a period of time.

Alderman Wihby stated it says "first right of refusal" in the letter for six months. But, why are we doing a \$50,000 study...if we sign this, if we agree that you're the right person we should just be sitting down negotiating with you for the next six months and not do a study and wait till your proposal comes forward and then go do something with it once we know what the proposal is.

Mr. Smith stated what you say makes sense, is the City allowed to do that, Mr. Mayor, in order to put the bonding together. Are they allowed to do that, don't do the study, just talk to us.

Mr. Sherman stated part of what the study is going to do is say is there a market out there to fill 6,000 seats every night for 71 nights. They have it, the City doesn't have it. Is there a market out there to sell 20 suites, is there a market out there for advertising, is there a market out there for concessions and those are the types of things that the City needs to know on its own before you proceed. I think all they're asking for is a six-month window, not exclusive rights once our feasibility comes back, but if they're going to pursue a team they need to know that the City is interested and that they have sort of have this right to proceed, it makes it very difficult and we ran into the same situation with the hockey team. It was very difficult to get a team on board if you didn't know there was going to be a building. But, at

least they had teams and they could come with some serious discussions and we talked to a number of teams over time. As one deal fell through another one came in.

Alderman Wihby asked why, Randy, do we have to do this study before we hear what their proposal is...that is what Alderman Gatsas was trying to say.

Mr. Sherman replied I think what they said was in two weeks they'll have a proposal for you, but that's their numbers. You need now to do an independent...

Alderman Wihby stated once they come to us and they say here is where our proposal is then we take that to somebody and have the bond people or whoever you want to look at it and say here's the proposal, here's what they said and then you can have a study done on the number of people, how much money it's going to generate whatever, but it doesn't make any sense to go ahead and have a full fledged study if we know we're going to deal with these people only.

Mr. Sherman stated I can tell you the study won't even start for two weeks and certainly they can take a look at those numbers.

Mr. Weber stated let me just say something...if we go through the numbers, if we're not in agreement it doesn't have to be six months. I'll take less than six months. I'm not looking...

Alderman Wihby stated the letter says for a period of at least six months, it doesn't say at the most.

Mr. Weber stated I'm not looking to...the City of Manchester is going to have a baseball team and the last thing in the world that I want to do is to impede you from having the right to. We think we can be the right team. If you feel that we're not after talking, I would write this down today, this thing is null and void.

Alderman Wihby stated what I'm saying is I don't think we should do the study, I think we should go forward with dealing with you because that is what we are going to be doing if we sign this anyway, seeing what your proposal is and then issue some sort of a study based on someone following up on the information that you've gathered on how many tickets you need to generate, advertise and everything else and then go from there. Because basically by signing this we're only negotiating with you anyway. So, I don't know why we have to do a study that's going to be opened up that takes three months, maybe they can do it in a month and use your information, your proposal and go out and just verify the facts...maybe it's faster for everybody. I just think that the competing forces with having a study done for \$50,000 and signing this today, I don't think it makes sense.

Alderman Guinta asked, your Honor, are you expecting the Board to vote on this letter tonight.

Mayor Baines replied it is up to the Board. They have made a request to the Board and it will be up to the Board as to whether there is a motion to accept this or not, it's really up to the Board. I think the point in play here is if they're going to go out and spend "X" number of millions of dollars, whatever it is to buy a team, they're saying they want at least some agreement with the City that they're going to work with them over a period of months...that's what they're saying. Now, whether this Board wants to go along with it, I believe that that's what they're saying.

Mr. Weber replied that's it exactly.

Mayor Baines stated so whether you want to do that or not or not do it is going to be up to this Board this evening.

Alderman Guinta asked have you completed your feasibility study regarding Manchester.

Mr. Smith replied yes, Sir.

Alderman Guinta stated that's the study you've provided to Bill Jabjiniak.

Mr. Smith replied no, Sir.

Alderman Guinta asked or have you provided other information to Bill.

Mr. Smith replied the documents given to Bill Jabjiniak today are the preliminary specs [if you will] on a new stadium...how many square feet of what, how many square feet of this, everything but the drawings to show the amount of resources and time that we have put into dealing with HNTB and with Gilbane. We have already invested our resources and essentially saving the City the money of having to do this preliminary.

Alderman Guinta asked is he entitled to provide that to the Board of Mayor and Aldermen, you don't have an objection.

Mr. Smith replied no. There are certain things that we think could be done better and be tweaked differently, but...

Alderman Guinta stated once you complete a feasibility study would you provide that to this body.

Mr. Smith replied with what we feel needs to take place, yeah, in our feasibility study we have worked together a business plan, a specific business plan involving dollar figures and I don't think our organization is prepared to open our books to what we feel needs to happen in this market from our point of view to make it worth while. But, we do realize a minimum of what needs to take place for it to happen here that we'd be more than happy to show.

Alderman Guinta stated based on the feasibility study. So, we're not going to get the feasibility study but we'll get the minimum requirements extracted from that feasibility study, so to speak.

Mr. Smith replied yes, Sir.

Alderman Guinta stated you were mentioning earlier you said that for you it's either Manchester or no where. So, is there a sense of urgency for us to vote on this this evening.

Mayor Baines replied that is for them to answer. They are looking at purchasing a team, they're not going to go out and purchase a team...

Mr. Weber stated this is out right now. This is in the newspapers, this is going across the United States right now.

Alderman Guinta stated so in order to protect your interest in Manchester this whole process has been accelerated and you're looking for some sort of commitment from us.

Mr. Weber replied exactly right. This would not be happening right now if it wasn't in the newspaper.

Alderman Guinta stated I guess the concern, at least that I have, is that we as a Board were sitting here a few weeks ago talking about the feasibility study that we were going to do as a City and thinking months or even a year down the road that we were going to then take a look at a feasibility study or the results of the feasibility study and then start to make a determination then. So, this has been not only accelerated for you and for other interested parties, but it has also been accelerated for us. That being said, it's hard for me at least to take a look at this letter and I don't even know what we would essentially vote on, what language we would even vote on. I could read this a hundred different ways and say this really just gives you the exclusive right to bring an affiliated minor league baseball team here which would still allow us to go speak with a non-affiliated...a group that has a non-

affiliated team. I don't know if that's your intention, but there's nothing in front of me that has specific language as to what you're requesting.

Mr. Weber stated that would not even bother me if you did that.

Alderman Guinta stated it wouldn't bother you if we said we'll give you exclusive rights...so, you would not have no objection for us signing an agreement with you regarding this specific team that you're buying and by the way we are going to go talk to another party who's looking to renovate Gill Stadium.

Mr. Weber replied what we cannot have happen, obviously, is a situation where someone else comes in and starts...it would only hurt us.

Alderman Guinta stated so there is a difference between an affiliated minor league baseball team and a team from an independent league.

Mr. Smith replied by leaps and bounds, Sir.

Alderman Guinta stated if we enter into an agreement with you regarding affiliated it does not stop this Board at all.

Mr. Weber stated we will change that.

Mayor Baines stated so we could continue and it would not affect your negotiations to purchase a team.

Mr. Smith stated as long as we had exclusivity, Mr. Mayor, with affiliated.

Alderman Guinta asked does it make sense for us...now that...we talked about the unfortunateness of this being in the newspaper and being publicized, if we were "looking as a City for the best deal" doesn't it make sense for us to call all hundred and some teams and say bring your bids.

Alderman Wihby stated it goes back to having a study done and opening it up for everybody.

Alderman O'Neil stated all this discussion about construction costs and design and feasibility studies means nothing without you folks having a baseball team. None of this works without a baseball team and, if I understand this right, in order for you to go get a baseball team there has to be some basic understanding between the City and your group and that is what the exclusivity provides.

Mr. Weber stated we didn't even think about the idea of independent, it should have just been put in there "affiliate baseball" really.

Alderman O'Neil stated in recent times we have two exclusive development deals going on now...one is Courthouse Square which they have a year to come back to the City and Bridge and Elm which I think is due back sometime mid or late April, so this is not an uncommon practice for us in the development sector. I'm going to ask the same question I asked them, the previous group...you are not looking at any other cities.

Mr. Weber replied absolutely not.

Alderman O'Neil stated if I understood your comment you said it's Manchester or it won't happen.

Mr. Weber reiterated Manchester or it won't.

Alderman Shea stated the one question that hasn't been asked is what is it going to mean to the taxpayers of Manchester. In other words, you're looking to buy a ball club and you're going to invest a couple of million dollars maybe, but the City here is probably going to have to invest \$10 million to build a new stadium.

Mayor Baines interjected no we're not. I think I've made it very, very clear I will not support...I personally will not propose or support any proposal that basically as a facility that does not basically pay for itself.

Alderman Shea stated well, somehow or other we've got to get the bonding up, they're not going to pay for it and I don't know if some rich guy is going to come into town and pay for it, so who is going to pay for it, your Honor. Somebody has got to build it.

Alderman O'Neil stated if I understand this concept. It's through all of the revenues...

Mayor Baines interjected I think you may want to pay attention to this because I think you're going to have to respond to this comment.

Alderman O'Neil stated if the number is \$10 million there is some debt services of "X" number of dollars per year, if I understand the intent here it's through revenues in the facility whether it be naming rights, pouring rights...all the items we went through with the arena...luxury boxes...the intent here is to those revenues would pay back the debt service on the facility.

Mayor Baines stated that is correct.

Alderman O'Neil stated that is my understanding of what...

Mayor Baines stated that's my condition.

Alderman Shea stated but regardless of what you're saying now is the bottom line is Rooms and Meals is paying for the Verizon Wireless Arena, Dan, and the point of the matter is that regardless of how much planning goes into it if the business community or others don't come forward with all these other amenities that you're saying somehow or other the bottom line is going to be John Q. Public, you and I and others that pay taxes and that's the bottom line.

Alderman O'Neil stated all of that doesn't mean anything unless they have a team, they need a team in order for these discussions to go forward and I'm not going to support this if it's going to have a major impact on the taxpayers. But, we don't know unless we go through that process.

Alderman Shea stated it depends on when the process starts, Dan, if I may answer that.

Alderman Lopez stated the only problem I have to go back to is Alderman O'Neil you mentioned a couple of things about the Courthouse and Bridge Street [the hotel down there]...at least the business people that came in to us presented us something. They presented us a concept, they presented us slides, they presented us with what the Courthouse is going to look like, what the hotel is going to look like and some particular numbers and we gave approval for them to go forward. That wasn't the final approval. All we have tonight is vocal cords [with due respect] and I don't see anything wrong...here we have two proposals on the table. One's for Gill Stadium and one you want to build a new stadium. The other group [in two weeks] is going to say they can give us something. My question is this, without commitment when can you give us something that we can chew on say yeah we're going to give you an exclusive for three months or six months.

Mr. Smith asked visually to chew one.

Alderman Lopez replied yes.

Mr. Smith stated we can have drawings by the end of the week.

Alderman Lopez stated then why don't we get all of this information, get it before the next Board or have a special meeting and bring both of these people in and be fair with both.

Mr. Smith stated, Alderman Lopez, with all due respect whatever drawings come about doesn't mean that's the final thing.

Alderman Lopez stated I understand that but at least it will be something that you're talking about building a \$2 million stadium or whatever the case may be and as far as the feasibility study goes we keep going back to that \$50,000. I can understand that the Finance Department indicating that we need it in the end, but we don't have anything we've had so many feasibility studies in this City that we could build a stadium. So, I'm not too enthused about a feasibility studies.

Mr. Smith stated we obviously as our predecessors here tonight would have loved to be able to come in with every A to Z, we were prepared to do that on March 19th, obviously because of a leak to the paper puts us all, everyone of us in this room at a disadvantage.

Alderman Osborne stated you were looking for 6,000 seats basically.

Mr. Smith replied yes, Sir, that is fixed seats with a capacity of about 8,000. There's a difference when you say seats and capacity.

Alderman Osborne asked what's the attendance in other areas.

Mr. Smith replied we have a maximum capacity in Lowell, Massachusetts of 5,000. Our seating capacity is less, our maximum capacity is 5,000. We have achieved that every single night for the past 87 homes nights over the past 2.5 home seasons. Down in Pawtucket, Rhode Island they average over 7,500 fans a game and are regarded as one of the top five minor league attendance ball clubs in all of America.

Alderman Osborne asked what's the population in those areas.

Mr. Smith replied I don't have the information on the greater population of the Providence, Rhode Island area. Portland, Maine...our study focuses on Manchester not on Providence, Rhode Island or Portland, Maine, Sir. You asked me comparable attendances and that's what I'm attempting to answer, Sir. Portland, Maine...their attendance is very, very strong...around 6,000 fans a game. Those are the three minor league baseball teams in this part of the country.

Alderman Osborne stated it's not comparable if the population is twice the amount.

Mr. Smith stated each market is different, Sir.

Mayor Baines stated we're almost twice as much as Portland.

Alderman Osborne asked Portland is how many seats.

Mr. Smith replied Portland averages about 6,200.

Mayor Baines stated Portland is around 65,000/60,000.

Alderman Shea stated but in the summer, your Honor, they get a lot more.

Mr. Smith stated we have not compared the Manchester market versus {with all due respect] to Providence and Pawtucket, Rhode Island as well as Portland, Maine. We've just looked at Manchester for what Manchester is.

Alderman Gatsas stated thank you for coming forward, gentleman, I think that Manchester has a great long history of baseball. You said that you have been working with, that you have a full blown feasibility done.

Mr. Smith replied no, Sir, did not use the word full blown...we have a feasibility complete from the agencies that we have been working with yes, Sir.

Alderman Gatsas how long have you been working on it.

Mr. Smith replied for about a period of four weeks.

Alderman Gatsas stated let's talk a little bit about Lowell which is basically the team that's there is probably considered the rookie league of the instructional league.

Mr. Smith stated that is incorrect, Sir. It is short-seasoned baseball, the rookie league is the one below us and instructional is what takes place in the fall after minor league baseball season is complete.

Alderman Gatsas stated the deal that you have in Lowell currently...did you go in there with a brand new deal or was the Lowell Stadium already existent.

Mr. Smith replied that was a temporary stadium in Lowell, Massachusetts in 1996 and 1997 while the new facility was being constructed. It took the facility one year longer to be built than originally anticipated which forced our ball club to be in Alumni Field for two years, so there were two agreements. The first agreement was the involvement at Alumni Field and

then the new one generated between the Webers and the City when the new ball park was being constructed.

Alderman Gatsas stated the deal that you currently have with Lowell is what.

Mr. Smith asked with respect to the entire deal and then the stadium.

Alderman Gatsas replied that is correct.

Mr. Smith stated we have an annual payment that we pay the City of Lowell, we take care of every single aspect, every maintenance aspect, every staffing aspect, anything that breaks we're the guys to fix it. It is...I guess a way to better understand it is we are the managers of that facility as opposed to the City of Lowell taking that over and we retain all revenues, we make annual payments to the City for a riverwalk fund and maintain the riverwalk through the City of Lowell as well as a capital fund and retain all responsibility for the facility, so it's essentially a wonderful situation for the City of Lowell.

Alderman Gatsas asked what about the debt service.

Mr. Smith replied the State of Massachusetts through the University of Massachusetts at Lowell...the land was given to the City of Lowell by U Mass Lowell and I believe an expenditure of \$8 million [is that correct, Drew] roughly, was given to the construction of the facility through grants of the U Mass Lowell opportunity as well as other funds that have come together, municipal funds that have come together to build the stadium in Lowell.

Alderman Gatsas stated so that facility is basically used by the Spinners and University of Lowell baseball and football.

Mr. Smith replied no football. There are two leases...U Mass Lowell which their period of operation is March, April and May and the Lowell Spinners which is June through the first part of September with U Mass the latter part of September, October and November.

Mr. Weber stated part of our responsibilities are to maintain the fields for the university too.

Alderman Gatsas asked did I understand you correctly that the basic reason for this six-month period is for you to purchase a long-season team.

Mr. Smith replied that is only a small portion of it, Sir. The six-month figure...from what we understand of the feasibility study it would take about three months...we felt comfortable

and we actually said to the Mayor three months, four months, whatever you felt comfortable with.

Alderman Gatsas stated let me reword the question...as a businessman you aren't purchasing the team before you have a deal with the City of Manchester in concrete.

Mr. Weber replied we cannot.

Alderman Gatsas stated and you probably would not.

Mr. Weber replied you are exactly right. But, what we have to do is know that we have an understanding, a meeting of the minds with the City of Manchester...I'm not afraid of that.

Alderman Gatsas stated but the meeting of the minds is not just this one piece of paper that we're looking for a six-month...

Mr. Weber stated the main purpose of this is so that we can negotiate and talk to other teams that we have been talking to without someone running in and just competing with us.

Alderman Gatsas stated which would make it a better deal for the City of Manchester.

Mr. Weber asked how is that.

Alderman Gatsas replied if they're competing with you or giving the City a better deal.

Mr. Weber stated if someone else buys a team and comes to you then you'll negotiate with them and you'll never know if it's a better deal.

Alderman Gatsas stated I don't think anybody is going to buy a team today and correct me if I'm wrong, we're not talking about \$200,000 or...

Mr. Weber interjected without a place to move.

Alderman Gatsas what's the cost of a franchise today, a going franchise.

Alderman Gatsas asked what is the cost of a going franchise today. \$5 or \$6 million?

Mr. Weber answered it is a lot more than that.

Alderman Gatsas stated so you are not going to expend let's say \$5 million if the City of Manchester says to you to carry this debt service is \$50,000 a game. You aren't going to do that deal. I am just using hypothetical numbers.

Mr. Weber answered exactly.

Alderman Gatsas asked so you aren't purchasing a team and then coming to the City and saying I have a team...

Mr. Weber interjected you are exactly right and what I will do if, and I mentioned this before, if a deal cannot be worked out that is fair between the City of Manchester and us I will say...the only reason we want an exclusive is just so that we can do our talking with affiliated teams without someone else jumping in. That is the only reason.

Alderman Gatsas stated I guess I have a question, your Honor. I don't know if the City of Manchester is capable of handling two teams, an affiliated and a non-affiliated.

Mayor Baines replied I doubt if we are.

Alderman Gatsas stated well my question then is if we are going to look back and say to somebody we have an agreement here with an affiliated franchise and it doesn't matter do you folks with the non-affiliated franchise want to still participate, I don't know what that answer is going to be.

Mayor Baines replied the answer is no. They have already said that. There is no way you are going to have two teams in Manchester. It is not going to work.

Alderman Gatsas responded they said yes. I didn't hear that from the first group.

Mr. Welch stated I would say the answer would be no because we own a franchise now. We own it and we need a place to play so we are actively looking. If you are going to sign up a deal that effectively locks us out, although you would want to make an exclusion for an independent team, it doesn't make any sense that there would be two professional ball teams that could coexist 50 yards from each other. The answer would be no and we would have to move on to the next candidate.

Alderman Gatsas stated so obviously then tying this exclusive up for six months is going to eliminate any other possibility and not really knowing if we have a deal on the table. Is that correct?

Mayor Baines replied that is not quite the way I understand it.

Alderman Gatsas responded well I don't think that six months is going to allow the group that said they would go to Gill Stadium the flexibility of staying around. That just about shuts the door on them.

Mr. Weber replied quite honestly that is what you have to decide. In other words, you have the choice of the group going into Gill Stadium who will say we will go into Gill Stadium versus our group that cannot tell you, cannot guarantee that we...well we do guarantee that we want it based on the situation but we can't guarantee as you well know. That is really what it comes down to. You are exactly right.

Mayor Baines stated my interpretation is a little bit different than that unless I have lost something in the length of this discussion. Let's say we decided that the only group we are going to talk to about non-affiliated baseball for the next three months let's say is Chuck's group and the only group we are going to talk to about affiliated baseball for the next three months is your group and then we see how those processes go along and at the end of the three months we reassess where we are and then decide how we are going to move forward. We may end up choosing one or the other. I don't see anything wrong with that.

Alderman Gatsas stated but why do we need...I am back to the study again. Why are we spending \$50,000 not having any clue of where we are going with this?

Mayor Baines replied I think we have tried to answer that question.

Alderman Gatsas responded I know but I haven't got a legitimate answer.

Mayor Baines stated you haven't got an answer that you would like to hear.

Alderman Gatsas replied no, your Honor, I haven't got an answer that says we have a proposal in front of us and this is why we should do this study to see if this is the best alternative.

Mayor Baines responded with all due respect you haven't heard the answer that you want. I have had that answered to my satisfaction.

Alderman Thibault stated with the civic center we have a 15 year guarantee against operating losses. If the City was going to go in and build a new arena like this, a new baseball arena, what kind of a guarantee would we have against operating deficits from that?

Mayor Baines answered those are the things we would want to look at.

Alderman Thibault stated that is the one point that everyone should look at here. With the civic center we have 15 years that we are guaranteed against a deficit.

Mayor Baines replied I understand that.

Alderman Smith stated originally you were going to make a proposal to this Board on March 19, is that correct, and because of someone opening up a can of worms it got out in the newspaper. I would like to see something in two weeks from you that I can look at before I make a decision. Would that be all right with you gentlemen?

Mr. Smith replied I think, Alderman Smith, we would certainly love to be able to have that opportunity. What we are looking for tonight is to get the assurance that over the next three months or six months, whatever that is, we would be more than happy to share everything we possibly can with you, Sir. We are just worried about affiliated competition. We would love to spend every day here talking about baseball with you if you would let us.

Alderman Wihby asked can you explain to me why if you were sitting in this seat you wouldn't just go ahead and continue with a \$50,000 study to see what it would take to bring baseball here and what it means and how there would be guarantees and bonding and everything else and then just go out and look for someone or have them come and talk to us on them bringing a team here. What would we lose by doing that? If we have the study done and you have the viable solution you are going to come back in six months or three months when the study is done.

Mr. Smith answered time, Sir, is of the essence in these matters. There are things that are called player development contracts that are based over periods of time as you can assume.

Alderman Wihby asked how is that affecting me as an Alderman voting for the best deal for the City. What am I going to lose by doing that?

Mr. Smith answered you could potentially lose affiliated baseball. You could potentially lose affiliated baseball coming to the City of Manchester as soon as possible, whether that is 2003, 2004, 2005. The longer you take, the longer out it takes to get a team here. The longer it takes to build a facility, which in turn the longer it takes the higher the construction costs over time.

Alderman Wihby stated obviously you a nervous a little that the word is out that we are looking and we are having a study and you don't want anyone else to come in and take it

from under you, which is legitimate. You are spending money and you want to go ahead and move forward but on our side we are sitting here and if its true we want that to happen. We want everybody to come to Manchester and give us different deals and see what the best one is in order to save money and that is why I thought and that is why I voted for the study. To go out and see what is out there and let the people come forward. Your Honor, have you talked to anybody else wanting to bring baseball here?

Mayor Baines replied no.

Alderman Wihby asked are you recommending that we do this tonight.

Mayor Baines answered my recommendation would be that both of these groups have approached the City and the initial approaching goes back about three months with serious discussions occurring over the past month or so. Both of these groups have expended many thousands of dollars and are prepared to spend many more thousands of dollars. I think in all fairness to both of these groups that we should give them a window of opportunity. Maybe it is as small as three months, at least to do the rest of their due diligence. I believe that both of these could continue down a parallel track and at the end of three months we can assess whether we want to continue discussions with these two groups or open it up beyond that. If people are going to come into a community and make these kind of investments, they have to have some kind of assurance that the political body is willing to work with them to justify this kind of investment. These are significant dollars that both of these organizations are putting out to determine whether baseball should be in Manchester or not. I would recommend that we at least do a three month exclusive with both of these groups, the one with non-affiliated baseball and the one with affiliated. I don't think anybody loses on a three month period. We can continue the study and at the end of three months we can assess where we are and decide where we are going to go from there.

Alderman Wihby asked and nobody else talked to you other than these two groups.

Mayor Baines answered absolutely no one else nor has my phone rung today at all.

Alderman Osborne stated I don't think the City of Manchester can support two teams.

Mayor Baines replied that is clear and they agree with that.

Alderman Osborne asked can we put this on the table for two weeks until they come back with their proposals.

Mayor Baines answered I have already made my recommendation. I think we should at least do a three month exclusive with both of these groups. They have to know whether they should continue spending money or not.

Alderman Osborne asked didn't you say you were going to have a proposal in a couple of weeks.

Mayor Baines answered but they are continuing to spend money.

Alderman Osborne replied I guess that is part of business.

Mayor Baines responded it is part of business but I think you have to respect the fact that people are willing to spend that money.

Alderman Wihby asked so the proposal is not going to have binding requirements it is just a picture of a building right. You are not going to come to us and give us a proposal telling us how much it is going to cost right? That is not ready.

Alderman O'Neil stated again both situations are a little different. In the case of the first group, they already have a team. They need a place to play. In the case of these gentlemen, they need some commitment from the City so they can start negotiating to buy a team. In their case without a team there is no deal in Manchester. We can kick this one around with drawings and everything. Unless they have an opportunity to buy a team...I like the idea of allowing them both three months.

Alderman O'Neil moved to enter into exclusive negotiations with the affiliated baseball and non-affiliated baseball team presenters for a period of three months. Alderman Wihby duly seconded the motion.

Alderman Guinta stated because I am not clear yet, from the first party, Chuck, how do you feel about that motion. Is that something that would force you to go to another state or another part of the state or can you and your organization live with that motion passing?

Mr. Welch replied I would think that during that time period we would like to have...you know we know the kind of money that we think it is going to take and we would like to confirm that by getting inside the gates.

Mayor Baines stated I would let you in tomorrow by the way. The issue is, do you have any problem with the three months.

Mr. Welch stated and we would like to engage with the other users to see if we can make this work.

Mayor Baines replied right you can do that over the next three months.

Mr. Welch stated I think we would like to find out what the answers are sooner than that. I think the answer is yes, provided that we can engage.

Mayor Baines asked so you really have no problem with the three months. That is your answer?

Mr. Welch answered yes but we would like to know sooner if we could.

Mayor Baines replied if we can do it in a month, we will do it in a month. Drew, are you comfortable with that?

Alderman Guinta asked, Mr. Rolecek is that to say that your group would continue to exclusively review Manchester or Gill Stadium or would you start looking...is this going to...

Mr. Welch stated we have had discussions with other places and they are not as forthcoming as Manchester is at this point in time.

Alderman Guinta asked so at this point you are looking at Manchester as the place.

Mr. Welch answered we would like to know in three months...you know we don't want to hear three months from now that it is going to be another six months because then it just becomes...it doesn't work for us that way.

Alderman Guinta asked so if we have the motion on the table as three months to talk with you and this other group and you have three months or less, whatever it takes, you are going to work to get the numbers that you need to get to present to the Board in three months or less than three months. In other words, you are not walking away from the deal if this motion passes?

Mr. Welch answered I would say no but whether we are not going to then as a back-up have to say well gee I don't know how good this is going...I would like to be able to talk to our other owner prior to committing to that. We want to review as much as we can and find out, not just from a cost standpoint but from a common use for the other users there. We are not going to walk away but I don't want to say without talking to our other owner, my CEO,

whether we can go exclusive or not. Unfortunately he is not here he is at a benefit dinner but we are willing to stick in there for three months to see what happens.

Alderman Shea asked if we were to go along with this motion, which again would have to be restated for clarity, would we do away with the feasibility study.

Mayor Baines answered no.

Alderman Shea asked we would still conduct the feasibility study so we would be studying the study. Basically we would still have a feasibility study going on and these men, devoted as they are to baseball and straightshooters as they are, they would come back to us in three months and they would give us additional information regarding their proposals?

Mayor Baines answered it is going to be sooner than that. What would happen, and again not to reiterate the feasibility study, but the feasibility study is going to tell us whether it is financially viable. Is there a market for luxury boxes? Is there a market for naming rights? Is there a market for a fan base? That is the kind of information that the study is going to give us. That is what it is going to do. That is why it is important. I don't know the answer to that right now. Their studies may have said of course it is going to work. Well we need an independent analysis for our financial situation to get that study. That is what the feasibility study. It is not the feasibility of this team or that team. Is there a market for baseball?

Alderman Smith stated I wish you would clarify the motion.

Mayor Baines stated the motion that was made by Alderman O'Neil and seconded by Alderman Wihby was for the next three months that we have exclusive negotiations around non-affiliated baseball with the Chuck Rolecek group and that we have another discussion about affiliated baseball with the Drew Weber group and at the end of three months we will assess the situation. We will talk about coming back in a couple of weeks with some brief presentations of a more substantial nature to continue the discussion because we want to have a good dialogue throughout these three months. It is not going to be waiting for three months. We are going to have periodic updates to the Board. That is the motion that is on the floor.

Mayor Baines called for a vote. There being none opposed, the motion carried.

CONSENT AGENDA

Mayor Baines advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Informational – to be Received and Filed

- B.** Communication from State Representative Flanders advising of a meeting scheduled for March 27, 2002 relative to re-establishing the Lawrence, MA to Manchester, NH and Concord to Lebanon Rail Service.
- D.** Communication from the NHDOT advising of contemplated awards.

REPORTS OF COMMITTEES

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

- E.** Recommending that a false alarm fee of \$50 for 1115 Elm Street, as enclosed herein, be waived.
- F.** Recommending that the Board approve the second quarter fiscal year 2002 write-off list for Accounts Receivables as enclosed herein.
- G.** Advising that it has accepted the monthly financial statements for period ending January 31, 2002 and is forwarding same to the Board for informational purposes.

COMMITTEE ON LANDS AND BUILDINGS

- I.** Recommending that the Fire Department be authorized to utilize the Brown School to conduct training exercises.

**HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN
WIHBY, DULY SECONDED BY ALDERMAN O'NEIL, IT WAS VOTED THAT
THE CONSENT AGENDA BE APPROVED.**

Mayor Baines asked could we move to Item 13 out of respect to some people that have been waiting here for a long time.

Communication from Frank Coyne requesting the City purchase an ad in the 25th Anniversary book of the Manchester South Sabres Pop Warner Football/Cheerleading Association.

Alderman DeVries stated we have with us a group making a proposal, which is on our agenda for tonight, Item 13, as the Mayor indicated. It is the Manchester South Sabres, a football team in the south end of Manchester celebrating a 25th anniversary. We have a

couple of members here who can represent their organization far better than I if we can give them a minute to discuss their 25th anniversary and give them a chance to get some PR through our camera and make their proposal.

Mayor Baines replied most people are asleep but there will be reruns.

Mr. Frank Coyne, Vice President of the South Sabres Pop Warner Football and Cheerleading Association stated to my left is the President, Mr. Dave Johnsen. As Alderman DeVries stated it is our 25th anniversary this year. The Manchester South Sabres Pop Warner Football and Cheerleading Association was incorporated in the fall of 1978. This year, 2002, will mark the 25th year for the program under New Hampshire Pop Warner. Each year the Association strives to bring youth in the south end of Manchester a quality program that incorporates teamwork, sportsmanship and unity to both football participants, as well as cheerleaders. Pop Warner is a national program that recognizes outstanding scholars, as well as athletes by awarding college scholarships to participants who achieve excellence in both academics as well as athletics. In the 2000 season the Sabres had 23 members of the 67 total chosen from the State awarded accolades as a first and second team member. One young lady was chosen as a first team member and she received approximately \$2,000 in college scholarship money as an eighth grader. In the 2001 season, the Sabres had 23 participants qualify for this same honor. We, as an organization, wish to continue this record of achievement in the years to come and your assistance in our 25th anniversary ad book will help that endeavor. Thank you.

Alderman DeVries stated I am not sure if the procedure is proper or not. I know we kicked it around just before the meeting. Are we able to purchase an ad?

Mayor Baines replied I don't recall us ever doing that.

Alderman Wihby stated we could give them a contribution.

Mr. Sherman stated the Board used to give civic contributions and that policy got stopped six, seven or eight years ago. You always have the option of taking some money out of contingency if that is what you desire or if somebody has some advertising money somewhere either in the Mayor's or Aldermen's budget.

Alderman DeVries stated maybe I can offer an alternative. A personal challenge to the Aldermen to match me at \$50 a piece as a personal contribution.

Mayor Baines asked how much money do we have in the civic contribution account.

Mr. Sherman answered about \$20,000.

Alderman Wihby asked why can't we take it out of civic contributions.

Mayor Baines replied all I am saying to the Board is you can but there are a lot of requests of this nature that are coming forward.

Alderman Thibault stated we will be opening up a can of worms.

Alderman Guinta stated well it is their 25th anniversary. When someone else has their 25th then...we will limit it to 25th anniversaries.

Alderman Lopez stated as a member of the Parks & Recreation Commission for 18 years, we did many a 25th anniversary for little league and football and everything else. I think at a time when you are doing something like this and promoting an ad book that is commendable. I think what you are going to need from the City is some clean-up and staging and stuff that wouldn't cost you any money. I think whatever the City can do to assist you in performing your 25th anniversary celebration if it is feasible.

Alderman Smith asked don't we have a public relations account.

Mayor Baines answered we have a civic contributions account.

Mr. Sherman stated there is about \$20,000 in the civic contribution account if you wanted to take it out of there.

Mayor Baines asked did we tap any of it for the deficit situation.

Mr. Sherman answered no.

Alderman O'Neil moved to donate \$400 to the Manchester South Sabres with the money coming out of the civic contribution account. Alderman DeVries duly seconded the motion. Mayor Baines called for a vote. There being none opposed, the motion carried.

- A.** Communication from Kevin Dillon, Airport Director, providing clarification to issues raised at the February 19th BMA meeting relative to the Management Letter submitted by McGladrey & Pullen, LLP.

Alderman Gatsas stated after reading Mr. Dillon's letter and having a conversation with him tonight at the Committee on Administration meeting, I think that every department head

should have an opportunity...Kevin do you want to come up and speak about the audit because I think you should have that opportunity and Frank Thomas I think you want to participate and I don't know if there are any other department heads that want to participate. It is my understanding that none of the department heads were given the audit or an opportunity to look at the management report and even talk about it. I think that obviously the Airport probably is one of the biggest users of contracts and Highway being the department within the City that has just as many so gentlemen if you want to explain.

Mr. Dillon stated I was very disappointed, quite frankly, to see that that was on the Board agenda considering that the Airport was not given the opportunity to review any of the information prior to its public release. Standard practice that I have experienced not only here in the City but in other locals where I have worked in a similar position is that an audit like that would first be shared with the department to reconcile any information in there and at a minimum give the department an opportunity to give you a response to the audit so that you could have a balanced picture of what was being reported to you. I think what further was distressing to me was that there was a discussion that ensued that night and I was present but not invited to participate in where there were a lot of inaccuracies stated during the conversation with the auditor. Quite frankly what the auditor failed to mention to you was that the observation he had was standard practice in the aviation industry. Third party reporting goes on in airports across this country. Airports have to rely on third party reporting, meaning rental car companies have to report to us the number of cars they rent so that we can bill that out. That is not to say that we take that information verbatim. There is an awful lot of checking that is done by the Airport staff and from time to time we call in our own outside auditors. For example, in FY00 we had a complete audit of our overall parking operation at the Airport, which represents about \$14 million of the Airport revenue. That was not reported in this audit. The auditor never spoke to me as a department head when he completed the audit to do an exit interview and quite frankly I canvassed all of the staff at the Airport and this observation that was reported was never discussed with any of the Airport staff. Again, my issue here, number one, is that that practice really needs to be changed so that you are getting accurate information and number two I think when there is a discussion here at the Board that certainly the department should be invited to participate so that erroneous information can be corrected at the time. I think one other point that I would like to make on the overall audit is in addition to the item specifically speaking about the department, quite frankly I take great homberage at some of the statements that the auditor made in here alleging that department heads to not have the wherewithal to administer contracts. I am responsible for \$320 million of construction contracts alone at the Airport, as well as many leases with the airlines and many leases with the concessions. Quite frankly if I don't have the ability to administer a contract you shouldn't be paying me the salary you are paying me.

Mr. Thomas stated to follow-up on that I share his same concern in that area. Again, we weren't contacted to offer our comments to the audit and the area regarding contract compliance officer, again, I have two areas of concern. First I am concerned that by pursuing that area it could potentially cause additional delays in the procurement process or just make it more cumbersome. The second part is again I take offense to the statement that was made in the report saying that department heads have the ability to put out technical contracts but not to administer the contracts over a period of time. Again, the way I look at it is I am a department head and I am paid to be a department head. I administer budgets in the \$40 million range and yet this auditor is saying that I don't have the technical expertise to administer a contract. Now I understand that there have been some problems administering long-term contracts in the City and that may be a localized area or localized problem that should be addressed on a local level in that department or departments. I think a general statement saying that department heads across the board do not have the qualifications or the expertise a contract is wrong.

Mayor Baines stated I think that observation was made in the last two audits, not just this audit and if I recall right the Board referred the issue to the Committee on Administration for discussion due to the fact that it had showed up twice in the audit and that would be the appropriate place to discuss that issue and address it with the auditor. That is the auditor's opinion, right or wrong.

Mr. Thomas replied we wrote a letter to that Committee addressing that.

Mr. Dillon stated I don't understand how the auditor could come to that opinion if he hasn't had a conversation with the department heads.

Mayor Baines replied I would agree with you on that certainly and I also think the Committee on Accounts, which is the audit committee, should look at procedures and protocol relating to the handling of the audit in the future. I agree and we have had some conversations that that audit should have been turned over from the Finance Department. I believe Mr. Clougherty had some comments. Did he have a conversation with you about that? He is not here tonight because of a family matter but did you have a conversation with Mr. Clougherty, Mr. Dillon?

Mr. Dillon asked subsequent to the conversation at the Board meeting last week, no.

Mayor Baines replied I asked him specifically to talk to you about that issue.

Alderman Shea stated we didn't see that until the night of the meeting as well. We will look into it at our next meeting. We are not privy to any information other than when it is presented to the Board.

Mayor Baines stated we will have both Committees looking into this and also as a matter of procedure and protocol a copy of the audit should be given to department heads to allow them an opportunity to respond.

Alderman Gatsas stated it is appropriate that every department head has an opportunity to address the auditor's report in writing directly to the auditor so that is on file and obviously the auditor should understand that the department heads have a problem and he should be back here talking to them because I don't think his audit is complete without at least a reference from the department heads addressing the problems that he put in his report regarding them and that they are sitting in front of us saying don't exist. I think that every department that is mentioned in that audit should have that opportunity.

Mr. Sherman stated I am not...I am getting this second hand from the auditor and second hand from the department heads but the auditor is saying that they talked to the departments and the department heads are saying they didn't. I don't know who is right and who is wrong.

Alderman Gatsas stated I am not going to question my department heads or your department heads' integrity.

Mr. Sherman replied I am not either. What I am saying is I know that Scott did come up for an entire day and go to specific departments and the issue with the Airport is that is a repeat comment from the prior year that Mr. Dillon did respond to in writing. He wrote two sentences – yes we agree and we have an auditor in our budget for FY02 and we can address that issue. That is pretty much what the response was the prior year. I think because that management letter came out so late last year, I believe it was in June...everybody knows that the FY00 management letter comments weren't addressed in FY01. They have said that they talked to Mr. Dillon's staff and again I don't know who is right on that and I am not taking a position and I agree that department heads need to be talked to. In the past the Finance Department has sent the management letter out to the departments and have accumulated all of the comments in the past. That did not happen this year and trust me it will happen in the future.

Mayor Baines stated it should have happened, there is no question.

Mr. Sherman replied yes it should have. There is no excuse.

Mr. Dillon stated forget the Airport, did the auditor advise you that he spoke to every other department as well that was impacted by these reports.

Mr. Sherman replied I know that he and I don't have the management letter in front of me but I know that he did spend time with the Assessor's, which was their number one finding. The issue that they brought up about the contract administrator, that is a general comment that they see by doing their field work and testing and I don't think it was a slam on any department head. I think what they are looking at is the fact that no matter what contract you are dealing with you have legal issues, you have financial issues, you have insurance issues and I think even at the last meeting when Deputy Solicitor Arnold was here he said we see all of the contracts that are sent to us and Finance has that same response. We see the contracts that are sent to us. I think what the auditor is trying to say is maybe what you should have is a central person who is responsible to make sure that all of those contracts are in place and administered consistently. We know there is uniqueness among the departments and I don't think he was saying that Highway shouldn't administer theirs and Airport shouldn't administer theirs but that there should be a central body that those contracts all go through.

Mayor Baines stated and that is with the Committee on Administration and they are going to look at it and make some recommendations to the Board.

Mr. Dillon stated again I would like to advise the Board that I think it is a very inaccurate observation. I am not too sure that the Finance Department is even aware that the Airport has its own contract administrative unit out there so it is a very inaccurate comment to make.

On motion of Alderman Gatsas, duly seconded by Alderman Shea, it was voted to receive and file this item.

C. Communication from the NHDES submitting a Letter of Deficiency relative to the 2002 Local Government Finance Test for Manchester Municipal Solid Waste Unlined Landfill Permit #DES-SW-TP-97-009.

Alderman DeVries stated I am just looking to know what the disposition was and if that has been taken care of.

Mr. Sherman replied yes it has. We sent out a draft audit to the Department of Environmental Services in December. That is when they sent this letter back saying well we obviously don't have everything so when the audit was completed in January it was sent out in early February so they have everything at this time.

On motion of Alderman Wihby, duly seconded by Alderman Sysyn, it was voted to receive and file this item.

Report of Committee on Lands and Buidligns

- H.** Recommending that a request of Mr. & Mrs. Jeffrey Gendron of 36 Mammoth Road to waive an easement restriction be granted and approved subject to review by the City Solicitor. The Committee notes that the Highway Department concurs with the approval of this request.

Deputy Clerk Johnson stated on the agenda this item refers to a report of the Committee on Community Improvement and in reality it is a report of Lands and Buildings. We just wanted to make that correction and if we could get a motion to accept the report we would appreciate that.

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was voted to accept, receive and adopt the report.

Report of Committee on Lands and Buildings

- J.** Recommending that a request of the Manchester Economic Development Office to engage the services of a qualified consultant for the preparation and submission of a Comprehensive Economic Development strategy at a cost not to exceed \$20,000 be granted and approved. The Committee notes that such costs are to be funded through the non-lapsing account established for the purpose of collecting communications antenna revenue from leases on the Hackett Hill water tower.

Alderman Lopez stated I pulled this off because I am voting against it but I want to tell you why I am voting against it. For the simple reason that I believe we have enough staff to do a report like this instead of spending the \$20,000 to go outside.

Alderman O'Neil moved to accept, receive and adopt the report. Alderman Wihby duly seconded the motion. Mayor Baines called for a vote. The motion carried with Aldermen Lopez, Shea, DeVries, Garrity and Guinta duly recorded in opposition.

Report of Special Committee on the Civic Center

- K.** Advising that it has approved an interim compromise agreement with SMA (as enclosed) to allow arena management to prepare required monthly and quarterly financial reports based on a cash flow that includes parking revenues.

Alderman Shea stated this is in regards to a report that Jay Taylor has submitted and I thank Jay for submitting it and I appreciate it, however, reading through it it is difficult to really get to the bottom line. It is kind of convoluted in my opinion. What I would prefer is a report indicating the total cost to the Police Department or the Highway Department or the MTA

Department or the Traffic Department after six months or so rather than a breakdown. Jay maybe you could explain the report but I find it difficult to look through this and to get any kind of clarity as far as what maybe the intent of the report might be. I am not sure if others agree or disagree. I know it is a lot of work on your part or your staff's part.

Mr. Taylor stated I think Item K a report from the Civic Center Committee, which is recommending that we work with SMG to come up with some parking revenue figures using the current numbers as was set forth in the management agreement going forward until we have a handle on all of the parking revenues. The report that you are referring to which comes out of my office was based on a request from this Board that we provide ongoing attendance figures, parking revenue figures and it is my understanding subsequent to the last meeting that the Finance Department was asked to put together a detailed financial report showing revenues versus budget figures, which I have not been providing. I am not sure where Finance stands on preparing that but I think when you see the budget figures versus the revenue figures you will get a better sense as to where we are with respect to the budget. The report I am providing is principally supposed to tell you how many people attend the events, how many people are using the shuttle service, and how many people are using the municipal parking lots. The purpose being that after a period of time of operation we can make some judgements as to which parking lots shouldn't be used anymore, etc. These are the kinds of things that report is aimed at.

Alderman Shea asked so what you are saying is you are providing certain figures and the Finance Department is providing other figures.

Mr. Taylor answered I believe at the last meeting Finance was asked to provide a report based on the budget to show where we were with respect to the budget versus what revenues have been coming in so far and I am not sure where that stands at this point.

Mr. Sherman stated we are waiting for this Item K to be approved so we can settle up with SMG on the parking issues.

Alderman Shea stated it says the Highway Department and the Police Department and things like that. Is that from your particular...it doesn't give a bottom line figure though. It gives figures for different times. It starts 11/16/01 and then it goes into January and all of the different dates of the events but it doesn't really give a bottom line as far as how many...

Mr. Sherman interjected I think what you are looking at is Jay's report. When we give you our report once we get this parking issue settled up with SMG we will have all of those numbers that you are looking for.

Alderman Shea stated I have one other question and I am not sure if I should direct it to you, Randy or to Jay but we all know and appreciate the fact that the civic center is working very well but after six months will we get some sort of financial statement from SMG regarding the operation of the Verizon Wireless Arena so that we know where they stand as far as operating costs or expenses.

Mr. Sherman replied yes and again that is all centered around this Item K. Once we get that issue settled up, they can finish their books and we can give them the parking money and then we will get their financial statements back that we will pass on to the Board.

Alderman Shea stated well it has been operating since November so will we get that in a couple of months.

Mr. Sherman replied they are telling us that a couple of weeks after the end of the every month they should be getting us financials so hopefully at this point we would get right up through February.

Alderman Wihby stated basically what Item K does is set the minimum rate. This is the lowest we could have gone and they were willing to do this because they are missing numbers and we are missing numbers. We set this temporarily until they get the numbers and come back with actual numbers.

Alderman Shea replied I am not disputing the numbers, I am asking for a bottom line.

Alderman Wihby responded that has nothing to do with Item K though. Item K is just...they can't give us a number until they know what the number is so K gives them the number. Now they go back and can plug those numbers in and the numbers that you see from the report that Kevin will give you will show exactly what we paid them. Until we pass this, they don't know what they are paying.

Alderman Shea asked when you say they don't know what we are paying, who are you talking about.

Alderman Wihby answered the City has to pay SMG money. They don't know how much they are going to collect because we didn't give them a number. We don't know how much we owe them because they didn't give us a number. What we had negotiated is we are going to go to the minimum amount and all we can do is win on this, it is the minimal amount that we are going to pay them and from there we are going to get our number that we are missing and they are going to figure out the number that they have for box seats or club seats and attendance and then we are going to go forward with that. It has nothing to do with the

report you were talking about with Jay and all of those numbers. It has nothing to do with that.

Alderman Shea asked why is the Highway Department included in the number.

Alderman Wihby answered that has nothing to do with Item K. That is not Item K.

Alderman Shea stated well it is in here.

Alderman Wihby replied no all Item K does is set the money that we owe them.

Alderman O'Neil stated for clarification, Jay, is absolutely right. The Civic Center Committee requested that information just to get some idea of what is going on. Do we have too many cops? Do we need more cops? Are we running too many buses? Can we cut back on some buses? Have we got too many garages open? That is what the intent was so the City could make some business decisions with regards to responsibility outside the curve line.

Alderman Gatsas stated at the last meeting I brought up the parking agreement that we had originally and I assumed that somebody was going to address it at this meeting on the \$325,000 that was coming from naming rights. Maybe we can have somebody prepare the documents because my understanding is that we received \$11.4 million, which is about \$750,000 a year in naming rights. I would just like some explanation and would like to see a copy of the naming rights agreement.

Mr. Sherman replied we can get that for you.

Alderman Gatsas asked and can somebody come forward and address that at the next meeting.

Mayor Baines answered yes at the next meeting the Finance Department will bring in information to address that.

Alderman Wihby stated I thought you sent that to the Civic Center Committee.

Mayor Baines asked is that where it went.

Alderman Wihby replied that is where I thought it went.

Mayor Baines stated the Clerk will research that.

On motion of Alderman Wihby, duly seconded by Alderman Shea, it was voted to accept, receive and adopt the report of the Special Committee on the Civic Center.

There were no nominations to be presented.

OTHER BUSINESS

Report of the Committee on Bills on Second Reading recommending that Ordinance Amendment:

“Amending Sections 33.025 and 33.026 (Building Program Supervisor) of the Code of Ordinances of the City of Manchester.”

ought to pass.

On motion of Alderman O'Neil, duly seconded by Alderman Sysyn, it was voted to accept, receive and adopt the report.

Ordinance:

“Amending Sections 33.025 and 33.026 (Building Program Supervisor) of the Code of Ordinances of the City of Manchester.”

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was voted to read the Ordinance by title only, and it was so done.

This Ordinance having had its second reading by title only, alderman Thibault moved on passing same to be Enrolled. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted to recess the regular meeting to allow the Committee on Accounts, Enrollment and Revenue Administration to meet.

Mayor Baines called the meeting back to order.

A report of the Committee on Accounts, Enrollment and Revenue Administration, was presented respectfully advising, after due and careful consideration, that an Ordinance:

“Amending Sections 33.025 and 33.026 (Building Program Supervisor) of the Code of Ordinances of the City of Manchester.”

was properly enrolled.

On motion of Alderman Shea, duly seconded by Alderman Sysyn, it was voted to accept, receive and adopt the report.

Communication from Kevin Dillon, Airport Director, requesting authorization to execute a replacement easement for a relocated AES gas line in Londonderry.

On motion of Alderman Thibault, duly seconded by Alderman Lopez, it was voted to authorize execution of a replacement easement subject to the review and approval of the City Solicitor.

Communication from Attorney William Thornton requesting that a section of Wolf Park impeding the development of Map/Lots 0655-0016, 0016A, 0016B, 0016C and 0016D be removed.

On motion of Alderman Wihby, duly seconded by Alderman Lopez, it was voted to refer this item to the Parks, Recreation & Cemetery Department.

Bond Resolutions:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) for the 2000 CIP 760100, Crystal Lake Phase I Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Nine Hundred Thousand Dollars (\$2,900,000) for the 2000 CIP 760500, CSO Abatement Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) for the 2002 CIP 714002, Treatment Plant Improvement Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars (\$1,000,000) for the 2002 CIP 714102, 2MG Water Storage Tank Project.”

“Authorizing Bonds, Notes or Lease Purchases in the amount of One Million Dollars (\$1,000,000) for the 2002 CIP 714202, Distribution System Project.”

On motion of Alderman Wihby, duly seconded by Alderman Pinard, it was unanimously voted to dispense with the reading of the Resolutions by title only.

Alderman Lopez stated when these Bond Resolutions came up in Committee the question was asked is there going to be a rate increase and the answer was no but in the minutes of the Water Works Commission there was conversation about a rate increase. They said no at the CIP meeting.

Mayor Baines stated I don't recall but the specific discussion was coming from a tax increase and this is paid through the Enterprise.

Mr. Sherman replied the water bonds will be paid for with water rates. My understanding is that they are looking at some pretty significant rate increases over the next several years. They have a \$35 million project that they are looking at and part of it is money that you approved here, which is the first step towards that. I don't believe there are any rate increases set for 2002. I believe they are looking out further.

Alderman Lopez stated to clarify the question was asked regarding these bond resolutions does this mean we are going to get a water rate increase and the answer was no.

Mayor Baines replied I don't recall that.

Alderman Lopez stated it was at the CIP Committee.

Mayor Baines responded I wasn't there.

Mr. Sherman stated I wasn't there either. For these bonds the answer probably is no if they don't proceed with the next step, which would be the larger \$35 million project.

Alderman Smith stated I think if they want to increase the rates they have to go to the PUC anyway.

Mayor Baines replied that is correct.

Alderman Gatsas stated not locally. Not if they want to raise the rates for the City they don't.

Mr. Sherman stated that is right. Any rate increase within City boundaries does not require PUC and they only have to go to the PUC if what they charge the outlying communities is more than what they charge the City.

Alderman Gatsas stated if they go to the PUC they could increase rates outside the City and not touch the in City rates. My question is what \$35 million project are they talking about?

Mr. Sherman replied my understanding is that they need to create a new treatment...or enlarge the capacity out there. My understanding is that they are actually going to create a second treatment plant to add capacity. The old one that they have out there, my understanding is, is pretty deteriorated. I guess they are using charcoal filters and the charcoal did such a good job it ate the treatment plant. They are looking at substantial capital expenditure out there.

Alderman Gatsas stated that treatment plant was just done seven years ago.

Mr. Sherman replied I think the carbon system was put in 10 or 12 years ago and I am not sure what other improvements they have but that is what they are looking at. Again, I don't think the Commissioners have fully approved the project yet, but we have had some discussions with the Water Works Director.

Alderman Gatsas asked is there a way we can get Water Works in here to talk about the water rate increases.

Alderman Shea stated another concern in terms of water is the possible emergency as far as the anticipated drought if we don't get rain and so forth. Again, I think the residents of the City might want to be advised as to what plans, if any, are being...I know Mr. Beaurivage is going up to the State...

Mayor Baines interjected there are plans being drawn up.

Alderman Shea stated I think it would be helpful for the community.

Alderman O'Neil asked is it the intent to not allow Water Works to move forward.

Alderman Lopez answered no that was not the intent. I am bringing this point up because if they are talking about a water rate increase in the City of Manchester they should at least come to us and talk about it and if they are going to be bonding projects in the future that are going to cost \$35 million and cause a rate increase at least there should be some discussion with this Board.

On motion of Alderman Thibault, duly seconded by Alderman Shea, it was unanimously voted that the Bond Resolutions pass and be Enrolled.

Ordinance:

“Amending Sections 33.025 and 33.026 (Building Program Supervisor) of the Code of Ordinances of the City of Manchester.”

On motion of Alderman Pinard, duly seconded by Alderman DeVries, it was voted to read the Ordinance by title only, and it was so done.

This Ordinance having had its final reading by title only, Alderman Sysyn moved on passing same to be Ordained. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

A report of the Committee on Administration was presented advising that Ordinance amendment:

“Amending the Code of Ordinance of the City of Manchester by repealing Section 111.70(B) Curfew at Dances and inserting a new Section 111.71 Curfew for Entertainment.”

has been reviewed and recommending that the Board suspend the rules without referral to the Committee on Bills on Second Reading or the Committee on Accounts, Enrollment & Revenue Administration in order to adopt the Ordinance this evening.

On motion of Alderman O'Neil duly seconded by Alderman Forest, it was voted to accept, receive and adopt the report.

Ordinance:

“Amending the Code of Ordinance of the City of Manchester by repealing Section 111.70(B) Curfew at Dances and inserting a new Section 111.71 Curfew for Entertainment.”

On motion of Alderman Guinta, duly seconded by Alderman Thibault, it was unanimously voted to suspend the rules and place this Ordinance on its final reading by title only at this time without referral to the Committee on Bills on Second Reading or the Committee on Accounts, Enrollment & Revenue Administration.

On motion of Alderman Garrity, duly seconded by Alderman Pinard, it was voted to read the Ordinance by title only, and it was so done.

This Ordinance having had its final reading by title only, Alderman Smith moved on passing same to be Ordained. Alderman DeVries duly seconded the motion. There being none opposed, the motion carried.

TABLED ITEM

17. Communication from Alderman Garrity requesting that the Board ask the Board of School Committee to either unfreeze approximately \$377,000.00 allowing that it be expended for SCIP projects chosen by the School Board, or turned over to the City as unused funds for projects not completed.

This item remained on the table.

NEW BUSINESS

Alderman O'Neil stated the Clerk pointed out that it might make some sense to start setting up some dates with regards to the CIP budget, as well as the operating budget and in working with the City Clerk's Office and the Mayor's Office, these are the recommended dates.

Hopefully people can take a look at them and if there are any major concerns they can let me know. The thought was we need to get the School Department in here early because everything else is held off until we figure out what we are doing with the schools.

Mayor Baines stated by the way contrary to what you read in the paper today, there has been no Mayor's budget for the School Department. That was an error.

Alderman O'Neil stated my understanding is that the School Department has agreed to that date.

Deputy Clerk Johnson replied my understanding is that is the only available date during April.

Alderman Wihby stated well what number did the School Department vote on if it wasn't your number.

Mayor Baines replied they voted on their number.

Alderman Wihby responded the discussion in newspaper said the Mayor had a number and they didn't like it and they voted on their number.

Mayor Baines stated they were looking at an analysis that was done of different scenarios. It was an error that is being corrected. School Committee Member Donovan said that he didn't know where the newspaper got that.

Alderman Wihby asked do they know your number yet.

Mayor Baines answered no I haven't given them a number.

Alderman Wihby stated just looking at this sheet didn't we have CIP the same time as the public hearing and the same time as the regular budget last year.

Deputy Clerk Johnson replied that has been done both ways depending on whether or not you wanted to expedite projects. It was my understanding that they wish to expedite some projects so the public hearing was being held on a different date.

Alderman Wihby stated well we still had expedited projects last year.

Deputy Clerk Johnson replied not as quickly.

Alderman Wihby stated this is looking at April 16 to have some sort of finalized CIP budget and we are not even going to have a public hearing until May 6.

Deputy Clerk Johnson replied the April 16 date could also just tie in to your expedited projects. You could remove them, as you know, and not lay over the budget. That is your initial first run at it I guess.

Alderman Wihby stated I don't want to vote on a CIP budget on April 16 if I don't even know what the budget is going to be. I don't mind expedited items. We have always done that.

Alderman O'Neil stated this is just a recommendation to try to get people thinking about dates and meetings. If it needs some adjustment, people should contact the Clerk's Office.

Alderman Wihby asked are there any new positions in the budget.

Mayor Baines answered that has not been finalized.

Alderman Wihby replied if there are I would like to see those departments in who are requesting new positions instead of just Police, Fire and Highway.

Mayor Baines responded we could do that.

Alderman O'Neil stated the three listed here are the ones that have the biggest impact and we spend the most amount of time talking about. We need to start with the School Department. We need to talk about fringe benefits, non-departmental and revenues and then Police, Fire and Highway. Generally once we reach some agreement there the rest of it kind of falls in place. You can bring them in if you want but...

Alderman Wihby interjected if there are any departments requesting new positions, I think they should come in.

Alderman Garrity stated I was talking to School Board Member Donovan tonight and he is willing to address Item 17 when they come in front of the Board in April.

Alderman Shea stated I know that Alderman Gatsas had a concern that had to do with authorizing the Finance Officer to effect a transfer of \$250,000 from the CIP budget of FY01 to FY02 and it was an architect and engineering facilities planning project. I would like to ask Frank Thomas to come up and explain that. When I talked to Alderman Gatsas I gave him in my opinion false information.

Mr. Thomas stated we requested that the balance from the McLaughlin Middle School project be transferred into an account to be used for engineering for school facility projects, approximately \$75,000 to \$85,000 of that money was to be spent on next year's CIP projects and then the balance of approximately \$165,000 to \$175,000 would be used in the line of professional services to assist us going through the design build process. We would have those monies available as we develop the request for qualifications, review the qualifications and then enter into the RFP process.

Alderman Shea stated and you made other points that no money was for an architect and also it helps you through that design project but you don't need to go back to the Aldermanic Board in order to spend that amount of money.

Mr. Thomas replied that is correct. Once a project goes through the start-up and authorization for engineering and architect for a defined area like schools or whatnot, we don't normally come back to the Board of Mayor and Aldermen. I think where there may be some confusion here is when we had the presentation on the design build concept down at the Millyard that night the action of the Board of Mayor and Aldermen was to approve that ordinance and no expenditure of funds. We came back the following week through this process and requested the Board to authorize these transfers of funds so that we did have money available to start spending it to develop the RFP and the EIQ. It is the next step in the process and we asked permission to expend those funds.

Alderman Shea stated I am not sure if your timing...see we were at a meeting here and we then passed it on to the Board of Mayor and Aldermen without taking a vote at the CIP Committee meeting and it was approved by the Finance Committee at that Board meeting, which was on the 19th.

Mr. Thomas replied the CIP meeting was prior to the presentation down at the Millyard so CIP did act on it prior to that presentation. Again, the action in the Millyard was just to approve the ordinance. The following week, the following Tuesday, this action transferring the money was on the Board agenda and it did receive the authorization to proceed.

Alderman Shea responded you mentioned also that when you do ask for a substantial amount you come before the Board of Mayor and Aldermen and you do, if requested, give periodic reports regarding any expenditures.

Mr. Thomas replied obviously we will come and answer any questions that the Board has. Typically, when funds are allocated for engineering we don't come back to the Board every time we enter into an agreement for professional services. In the case of the design build, we will be coming back to the Board of Mayor and Aldermen with recommendations somewhere along the line to enter into some type of proposal and try to answer all of your questions at that time.

Alderman Gatsas stated I think that with the joint meeting, Frank, this Board's understanding was that we weren't spending any money. I can't speak for the Board but my understanding was that we weren't spending any money.

Mr. Thomas replied the action down at the Millyard and the way I understood it was there was a presentation on what the approach was going to be and where we were heading and the action that night was to approve the ordinance that permitted design build for the school facility projects. I think the issue of spending money came up down at the Millyard. I don't want to put words in the Mayor's mouth but I think the Mayor that night said we are not spending any money tonight all we are doing is approving the ordinance and any action regarding expenditure of funds would be done through the Board. The following week, this bond balance transfer came to the Board and the Board approved it.

Alderman Gatsas asked so that \$175,000 is not spending any money it is just moving money around.

Mr. Thomas answered the \$175,000 is giving us the authorization to spend money. This was a week after the meeting down in the Millyard and the Board of Mayor and Aldermen gave approval on this bond balance.

Alderman Wihby stated even if we don't go with a proposal once you are done and you bring this forward and we are all going to be looking at, even if we don't go along with it aren't we that much ahead because we are eventually going to do stuff anyway and whatever you are doing with this money and the plan, we can still do in little parts can't we.

Mr. Thomas replied first of all if we go ahead with this project a lot of the work is going to be done at the staff level either through Finance or Highway but we do need some professional services to look over our shoulder to assist us. The design build firms that are going to be involved in this are going to be spending hundreds of thousands of dollars potentially developing proposals, developing scenarios, developing preliminary designs to go along with this process. That information is all going to be in the proposals that are turned over to us. Yes, we are going to be ahead of the game.

Alderman Wihby asked but if we don't go with \$60 million or whatever the number was and we decide to go with \$30 million we still would have needed to do all of this work anyway right.

Mr. Thomas answered right but this is only a drop in the bucket. To do \$70 million worth of design would cost a heck of a lot more than \$175,000. This is just a budgeting number that we have. It may be half of that that we spend and it may be the whole thing that we spend. Again, we are looking to have the ability to bring on professional services to help us evaluate qualifications and help us update the Parsons-Brinckerhoff report that was done and help us prepare the RFP and help us to review the proposals. By no means is \$175,000 paying for the design of this project because it is a lot more than that and those costs are being picked up by the firms that are going to be submitting proposals.

Alderman Smith stated I think there was a misunderstanding. I was in the CIP Committee and a letter was sent in by Kevin Sheppard and he asked for \$250,000 from the McLaughlin Middle School to be referred to a project and the project he put down was the Joint Building Committee has approved this request for architectural engineering and to assist in implementing the Mayor's Manchester Schools Improvement Project. Then the CIP authorization form read, "the administrating department, Highway Department, Building Maintenance, architect and engineering for 2003 School Projects" and that is what we voted on even though I see down here design engineering \$175,000. When everybody went to the meeting, the resolution we voted on established a special purchasing procedure for the Manchester School Improvement Project and I think that is where the confusion is.

Alderman Gatsas stated we found \$175,000 very quickly and I am still looking for money for Derryfield Park that was on the fast track last year that somehow moved somewhere.

Alderman O'Neil stated that \$175,000 came out of school projects.

Mr. Thomas replied the \$250,000 was the bond balance out of the McLaughlin School addition.

Mayor Baines stated I have one announcement. We are planning on calling a special meeting of the Board next Wednesday night for the purpose of discussing strategies for negotiations and meeting with the Chief Negotiator. That will be next Wednesday, which is the night after the election.

There being no further business, on motion of Alderman Garrity, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

City Clerk